

**BEFORE THE GUJARAT ELECTRICITY REGULATORY
COMMISSION GANDHINAGAR**

Case No. _____ of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.

AND

Shah Alloys Limited
5/1 Shreeji House, 5th Floor,
Behind M.J Library, Ashram Road,
Ahmedabad-06

..... **Petitioner**

AND

1. Paschim Gujarat Vij Company Limited
2. Uttar Gujarat Vij Company Limited.
3. Dakshin Gujarat Vij Company Limited.
4. Madhya Gujarat Vij Company Limited
5. Gujarat Urja Vikas Nigam Limited

..... **Respondents**

The Petitioner above named most respectfully states as under:

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The Petitioner above named M/s. Shah Alloys Limited is a Company incorporated under the provisions of the Company Act, 1956 having its registered office at 5/1 Shreeji House, 5th Floor, Behind M.J Library, Ashram Road, Ahmedabad-06.

1. The Respondent No: 1 to 4 (hereinafter referred to as "DisComs") are Distribution Licensees in the State of Gujarat under within the meaning of Section- 2 (17) of the Electricity Act, 2003 and are undertaking Distribution and retail supply of electricity in different geographical region in the State.
2. The Respondent No: 5 (hereinafter referred to as 'GUVNL') is the holding company of Respondent No: 1 to 4 and undertaking purchase of power in bulk and supply to Respondent No: 1 to 4 for onward supply to retail consumers in the State.
3. The Petitioner is having manufacturing unit located at Santej. The Petitioner is electricity consumers of Respondent No: 2 having contract demand of 5000 KVA supplied at 66 KV voltage level.
4. The petitioner submits that the above unit of the Petitioner is declared as 'Sick Unit' under the provisions of SICA ACT.
5. That by way of present petition, the Petitioner is seeking special tariff dispensation applicable not only in respect of the unit of the Petitioner but for all similarly placed sick units / industries in the State of Gujarat.
6. That in order to understand the scope and purpose of present petition, the Petitioner would like to refer relevant provisions of the Electricity Act 2003 (Act) and GERC (Multi Year Tariff) Regulations, 2016 as under, before making detailed submission.

Section - 62 of the Electricity Act, 2003 read as under:

62. (Determination of tariff): --- (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for -

- (a) supply of electricity by a generating company to a distribution licensee: Provided that the Appropriate Commission may, in case of shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;
- (b) transmission of electricity ;
- (c) wheeling of electricity;
- (d) retail sale of electricity:

7. That Regulation 10.2 of GERC (Multi Year Tariff) Regulations 2016 read as under:

Notwithstanding anything contained in these Regulations, the Commission shall have the authority, either suo-motu or on a petition filed by any interested or affected party, to determine the tariff of any Applicant.

8. That in term of the provisions of the Electricity Act, 2003 read with Regulations of Hon'ble Commission, this Hon'ble Commission is empowered to decide and approve the tariff dispensation to the specific class of consumers as sought in the present petition.

9. That in the given circumstances and facts as outlined hereinafter, the Petitioner, by way of present petition, is invoking jurisdiction of Hon'ble Commission requiring for special dispensation / relief in tariff applicable for sick units / industries in the State.

10. It is submitted that in the modern world, the industrial and commercial activities are the backbone of economy giving

large amount of employment and revenue to Government. In the present scenario of global recession coupled with economic slowdown, industries are passing through its toughest phase and facing challenges for its survival. In such scenario, it is difficult for the sick industries to compete in the market due to higher power cost as these industries are already facing financial crunch. In given situation, it is respectfully submitted that Hon'ble Commission should play its active role for deciding the special dispensation in tariff for sick units / industries for its revival and survival.

11. It is respectfully submitted that Electricity Act 2003 envisage crucial role to be played by this Hon'ble Commission and plenary powers are given to this Hon'ble Commission under the Act to safeguard interest of consumer like the Petitioner and similarly placed other consumers in the State by making available electricity at the commercially viable rate.
12. It is submitted that the industries in the State are passing through a crucial stage struggling for its survival on account of following amongst other reasons:
 - a. It is submitted that the State of Gujarat does not have natural resources and situated far from the States having.
 - b. The industrial tariff for power in the State of Gujarat is comparatively higher and therefore, they could not compete with large units situated in other States having availability of cheaper power.
 - c. That in last several years, the situation has further aggravated due to several other factors such as worldwide recession, dumping of material from China at cheaper rate, cheaper power rates in other States and thereby supply from such States to the State of Gujarat and other similar factors.

d. The combined effect of all these factors including increase in power cost of DisComs have affected the some industries severely making it completely unviable and sick. At this stage, such sick units cannot survive / revive if some supports, in terms of making available power at affordable rate, are not extended and remedial measures are not initiated on urgent basis.

13. At this stage, the sick industrial units cannot survive / revive if some supports, in terms of making available power at affordable rate, are not extended and remedial measures are not initiated on urgent basis.

14. It is respectfully submitted that there is urgent and utmost need to revive sick industries in the State by providing electricity to sick units at special rates. This would not only benefit to Respondents but also would be benefitted huge number of families who are directly or indirectly dependent on such industries. Revival of sick industries would help in job creation apart from increase in Tax / other income to the Government, increased revenue to DisComs in future and harmony in society etc.

15. In light of above background, the Petitioner crave leave to propose following for granting special tariff dispensation to sick units/ industries:

a. At the outset, the Petitioner would like to make it clear that the Petitioner and similarly placed other sick units / industries do not want any additional gain / concession at the cost of DisComs or do not want additional gain / concession at the cost of other consumers in the State.

b. It is respectfully submitted that in the existing retail tariff structure of the State, cross subsidies is imposed on the industrial consumers of electricity. By definition, the Cross Subsidies is the mechanism whereby, some consumers groups are charged at higher tariff as compared to the

cost of power supply to them. The additional revenue so generated from them is used to tide over revenue shortfall from other consumer groups who are charged lower tariff as compared to cost of supply to them. This means that certain categories of consumers who are having enough paying capacity such as industrial / commercial category of consumers are cross subsidizing the vulnerable section of society e.g. agricultural, BPL, residential consumers etc.

c. In case units / industries become sick, naturally they do not have enough paying capacity and therefore cannot be expected to cross subsidize other category of consumers on the ground of higher paying capacity. Thus, it is unjustified, unreasonable and illogical to impose cross subsidies on the sick industries who are otherwise struggling for its existence and do not have enough paying capacity to cross subsidize others section of society. As such, sick industries itself fall under vulnerable class requiring support from all sides for its revival and survival.

d. The amount of cross subsidies imposed on industrial category of consumers is quantified by Hon'ble Commission in the recent tariff order dated 31.03.2018 of DisComs (at Para - 8.3 of Chapter- 8 of Paschim Gujarat DisCom Order). The Para 8.3 of the order read as under:

8.3 Cross Subsidy Surcharge

The Cross Subsidy Surcharge is based on the formula given in the Tariff Policy as below:

$$S = T - [C / (1 - L/100) + D + R]$$

Where,

- *T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation*
- *C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation*
- *D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level*
- *L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level*

- R is the per unit cost of carrying regulatory assets.

The Cross Subsidy Surcharge based on the above formula is worked out as shown in the Table below:

Table 8.4: Cross Subsidy Surcharge for FY 2018-19

Sr. No.	Particulars	Units	HT Industry
1	T	Rs/ kWh	7.34
2	C	Rs/ kWh	4.22
3	D	Paise/ kWh	14.61
4	L	%	10%
5	S (Cross Subsidy Surcharge)	Rs/ kWh	2.51

$$S = 7.34 - [4.22/(1-0.10) + (14.61/100) + 0] = 2.51$$

Thus, Cross subsidy surcharge as per Tariff Policy, 2016 works out to Rs. 2.51 /kWh for the four State owned Distribution companies viz. DGVCL, MGVCL, PGVCL and UGVCL.

- e. From the above, it can be seen that the power purchase cost of DisCom is Rs. 4.22 per unit which also includes charges for transmission of power.
- f. The tariff of Rs. 7.34 per Unit is applicable to industrial consumers including sick industries as against cost of power purchase of Rs. 4.22 per unit. Here it is relevant to note that sick industries itself is financially vulnerable and cannot take burden of others when these industries itself struggling for their survival and requiring support from all sides.
- g. This situation is against the principle of natural justice and cannot be the objective of the Electricity Act, 2003.
- h. In the given circumstances when sick industries are struggling for its survival, as immediate measures, special dispensation may be provided for the sick industries to give relief in tariff atleast charging them at cost of power purchase.
- i. It is submitted that providing power to sick industries at maximum Rs. 4.40 per unit (including demand charges) as against actual tariff of Rs. 7.34 per unit would provide great relief to sick industries in the present situation and would ensure revival of sick industries.

j. On power exchange i.e. IEX average cost of energy per unit for the FY 2017-18 is Rs. 3.26 per unit. Therefore even if DisCom buy power from open access, they would earn by supplying power to sick industries at Rs. 4.40 per unit.

16. In the facts and circumstances of case, it would be prudent and reasonable to provide power supply to sick industries at maximum Rs. 4.40 per unit (including demand charges). If power is supplied to sick industries at these rates, there would not be any adverse financial implication to DisComs or for the other consumers in the State. On the other hand, the closing down of operations of sick industries due to unviable electricity tariff may result into (i) creation NPAs, (ii) hampering of infrastructure activities in the State as well as Nation due to loss of production (iii) loss of revenue to DisComs, (iv) loss of revenue to Government, (v) loss of direct / indirect employment.
17. In case, sick industries are supplied power supply at above rate, it would act as tonic and will economize the cost of production and ensure the revival of the industries.
18. The petitioner submits that taking into cognizance of the adverse impact on the economy of the State and society as a whole due to close down of sick units, even State Legislative Assembly is considering to grant special relief to the sick industries.
19. The petitioner would like to further submit that in order to prevent misuse of special tariff dispensation granted to the sick industries as sought hereinabove and to avoid any type ambiguity and for proper implementation of the provisions of special tariff dispensation. following criteria may be laid down to become eligible for special tariff dispensation by sick units:
- a. The unit is having established in Gujarat for more than 10 years

- b. The unit should be operational condition
- c. The unit should have minimum turnover of Rs. 25 Crores
- d. The unit should have stood registered with BIFR or GBIFR under the cessation of SICA Act

OR

Should be an eligible unit as per Government of Gujarat's Industrial Policy for relief and concession to the viable sick industrial enterprise dated 11.09.2017.

- e. The net worth of unit should stand negative for last three years ending FY 2018
 - f. The beneficiary unit will be entitled to get power only upto 30 MW from DisCom under special tariff dispensation.
 - g. The special dispensation may be allowed for period of 7 years.
20. The Petitioner submits that providing special tariff dispensation to the sick units is in no way contrary to the provisions of Electricity Act 2003 in any manner, rather it would be in accordance with the provisions of Act/ Regulations.

21. The Petitioner crave leave to add, alter or amend this petition as and when necessary and to urge such other and further grounds at the time of hearing as may be necessary.

1. Prayer:

In the facts and circumstances of the case, it is the prayer of the Petitioner that:

- (a) Hon'ble Commission may please to take on record the above petition,

- (b) Hon'ble Commission may please to grant the opportunity of being heard to the petitioner,
- (c) Hon'ble Commission may please to approve special dispensation in the tariff for sick industries at maximum Rs. 4.40 per unit (including demand charges).
- (d) During pendency of the Petition, as an interim relief, Hon'ble Commission may please to direct DisCom to charge tariff of Rs. 4.40/unit (including demand charges) from sick units/industries.
- (e) Pass such further order or orders as this Hon'ble Commission may deem just and proper in the circumstances of the case.

For, SHAH ALLOYS LIMITED
[Signature]
Director

- PETITIONER

Declaration:

Declaration that subject matter of the petition has not been raised by the Petitioner before any other competent forum and that no other competent forum is currently seized of the matter or has passed any order in relation thereto.

Shah Alloys Limited

DATE: 9th April, 2018

PLACE: Ahmedabad

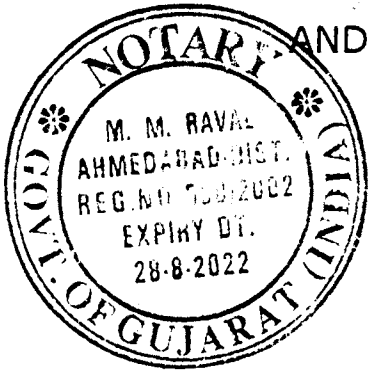
For, SHAH ALLOYS LIMITED
[Signature]
Director

Serial No. 1224/09/04/18

**BEFORE THE GUJARAT ELECTRICITY REGULATORY
COMMISSION GANDHINAGAR**

Case No. _____ of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.



Shah Alloys Limited
5/1 Shreeji House, 5th Floor,
Behind M.J Library, Ashram Road,
Ahmedabad-06

..... **Petitioner**

AND

1. Paschim Gujarat Vij Company Limited
2. Uttar Gujarat Vij Company Limited.
3. Dakshin Gujarat Vij Company Limited.
4. Madhya Gujarat Vij Company Limited
5. Gujarat Urja Vikas Nigam Limited

..... **Respondents**



AFFIDAVIT

I, Ashok Sharma son of Aatmaram Sharma aged about 62 years resident of 81/675, Pushpak Apartment, Naranpura, Ahmedabad-63 do hereby solemnly affirm and state as under:

1. I am the Director of the Shah Alloys Limited and I am well conversant with the facts of the case and able to depose to the present affidavit.
2. I have gone through the contents of the accompanying Petition and I say that the contents stated therein are based on the records of the Petitioner maintained in the normal course of business.

For, SHAH ALLOYS LIMITED

Ashok Sharma
Director

DEPONENT

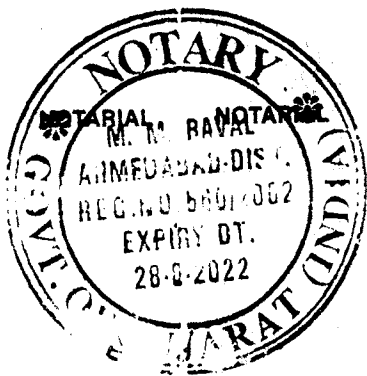
VERIFICATION:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

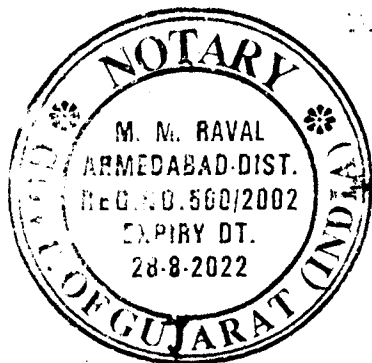
Verified at Ahmedabad on this 9th day of April 2018. **For, SHAH ALLOYS LIMITED**

Ashok Sharma
Director

DEPONENT



NOTARIAL NOTARIAL



Soles copy Affirmed by
Ashok Sharma
Mobile No. 9824977262 62244
J. and
09/04/18
M. M. Raval
(M. M. Raval)
NOTARY
09/04/18

HAND DELIVERY

8th May 2018

**The Secretary,
Gujarat Electricity Regulatory Commission**
6th Floor, GIFT ONE,
Road 5C, Zone 5, GIFT City,
**Gandhinagar,
Gujarat – 382355**

Sub: Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries

Ref: Your letter dated 1st May 2018 registering the petition vide no. 1716/2018

Dear Sir,

With reference to the subject, our subject petition has been registered vide petition no. 1716/2018. It is submitted that we are sick industry and ^{as} such we humbly request to place our petition before the Hon'ble Commission at the earliest.

We shall be thankful for a favour in this regard.

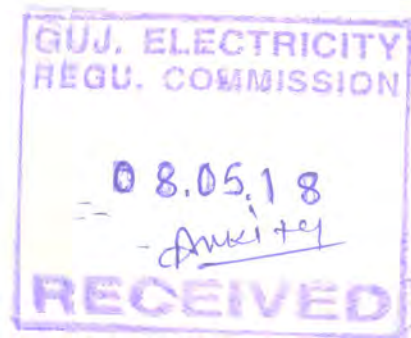
Thanking you,

Yours faithfully,

for Shah Alloys Ltd.



**Rajendra V Shah
Chairman**



21/5/2018



GUJARAT URJA VIKAS NIGAM LIMITED

Sardar Patel Vidyut Bhavan, Race Course, Vadodara 390007

Phone (0265) (Direct). 2334751 PBX (0265) 2310582-86
Fax (0265) 2344543, 2337918, 2338164

Web www.guvnl.com
CIN U40109GJ2004SGC045195

Ref.No.: GUVNL/COM/ 553

Date : 17/05/2018

To,
The Secretary
Gujarat Electricity Regulatory Commission
6th Floor, GIFT ONE,
Road 5-C, Zone- 5,
Gandhinagar – 382 355

By FAX 079 -23602360, 2054/55

Sub: GUVNL's preliminary reply in the matter ^{of} petition no. 1716 of 2017 filed by M/s Shah Alloy limited for approval of tariff dispensations specific to sick industries.

Dear Sir,

Please find enclosed herewith GUVNL's preliminary reply on affidavit (original plus four) in the matter of petition no. 1716/2016 filed by M/s Shah Alloy limited for approval of tariff dispensations specific to sick industries in the State of Gujarat

In this regard, GUVNL's reply on the same is enclosed herewith.

Thanking you,

Yours faithfully,



(K. P. Jangid)
General Manager (COM)

Encl: As above

Copy to:

Shah Alloy Limited,
5/1 Shreeji House, 5th floor,
Behind M.J Library, Ashram Road,
Ahmedabad-06

BEFORE THE HON'BLE GUJARAT ELECTRICITY
REGULATORY COMMISSION GANDHINAGAR

Petition No: 1716 of 2018

Filing No:

IN THE MATTER OF

Petition under the provisions of the
Electricity Act, 2003 read with GERC (Multi
year Tariff) Regulation, 2016 (Regulation
10.2) and other applicable Regulations of
Hon'ble GERC for approval of tariff
dispensations specific to sick industries

AND

Shah Alloy Limited,
5/1 Shreeji House, 5th floor,
Behind M.J. Library, Ashram Road,
Ahmedabad-06

PETITIONER

AND

Gujarat Urja Vikas Nigam Limited & Others...

RESPONDENTS

The respondent no. 5 above named most respectfully submits as
under.

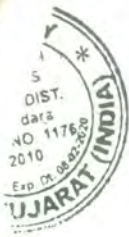
PRELIMINARY

Shah Alloy Limited hereinafter referred to as the Petitioner has filed the present petition before Hon'ble Commission seeking special tariff dispensation for sick industries in the State.

SUBMISSIONS

Gujarat Urja Vikas Nigam Limited (GUVNL) hereinafter referred to as the Respondent most respectfully submits its preliminary reply on the aspect of admissibility of the above petition:-

1. It is submitted that Hon'ble Commission vide order dated 31.03.2018 has decided the retail tariff of four Respondent Distribution Licensees for FY 2018-19 effective from 1st April 2018 in the tariff petitions by the distribution licensees under the provisions of Multi Year Tariff Regulations framework.
2. Hon'ble Commission had invited comments/suggestions/objections from the stakeholders / consumers on the tariff petitions filed by the Distribution Licensees and also conducted hearing for making submissions by the consumers/consumer groups on the tariff petition.
3. It is submitted that Hon'ble Commission has dealt with on each of the submissions made by various consumers/consumer groups including response filed by /on behalf of HT/EHT consumers while deciding the retail tariff vide order dated 31st March 2018.
4. It is submitted that by way of present proceedings, indirectly the petitioner is seeking to review the tariff order dated 31.03.2018 which is passed by Hon'ble Commission after duly considering the objects/suggestions of all the stakeholders.
5. It is submitted that the petition for seeking review of the decision / order of Hon'ble Commission is allowed only in case the petition satisfy the ingredients contained at Regulation 72(1) of Gujarat Electricity Regulatory Commission (Conduct of Business Regulations), 2004.
6. It is humbly submitted that the petition is not fulfilling the criteria as contained in the Regulations 72(1) warranting review of the order dated 31.03.2018 passed by Hon'ble Commission.



Year Tariff Regulations, 2016 in support of the prayer seeking for special tariff dispensation to the sick industries

In this regard, it is submitted that the Regulations, 10.2 is applicable only incase of a fresh determination of tariff either on account of expiry of period for which tariff was determined or the tariff for particular consumers/class of consumers is not available/ determined by Hon'ble Commission. In the present case Hon'ble Commission has already decided the tariff for FY 2018-19 including the tariff applicable to HT/EHT category of consumers.

8. It is further submitted that the Regulations, 31 of Multi Year Tariff Regulations, 2016 provides that no tariff or part of any tariff may be amended, more frequently than once in any financial year. Since, Hon'ble Commission has determined the Aggregate Revenue Requirement (ARR) of the Discoms and allowed recovery of the same through the retail tariff applicable during FY 2018-19, revision in tariff of any consumers/category consumers may lead to under recovery of approved revenue of the Discoms and increase in tariff for other consumers.
9. As regard to criteria for applicability of special tariff for sick industries. It is submitted that Hon'ble Commission is to be guided by section 62 (3) of the Electricity Act, 2003, while determining tariff. Hon'ble Commission may vary the tariff of the consumers only considering parameters in section 62 (3) of the ACT
10. Hon'ble Commission is humbly requested to consider the above submission of the Respondent while deciding the petition filed by the petitioner.
11. The answering Respondent craves leave of Hon'ble Commission to make further and addition submissions in the matter if required so.


DEPONENT

GUJARAT URJA VIKAS NIGAM LIMIED

PLACE: Vadodara

DATE: 17th May 2018

Date: 17/05/2018

BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY COMMISSION AHMEDABAD

Petition No 1716 of 2018



Filing No:

IN THE MATTER OF

Review Petition under Section 94(1) (f) of the Electricity Act, 2003 read with Regulation 72(1) of Gujarat Electricity Regulatory Commission 9(Conduct of Business) Regulations, 2004 seeking Review of the order of Hon'ble Commission dated 7th April 2012 in Case No 1152/2011 filed for True up of FY 2010-11 and determination of tariff for FY 2012-13 of GETCO under MYT framework.

NOTARY

NOTARY
NOTARY

NOTARY

AND

Shah Alloy Limited,
5/1 Shreeji House, 5th floor,
Behind M.J. Library, Ashram Road,
Ahmedabad-06

NOTARIAL

PETITIONER

AND

Gujarat Urja Vikas Nigam Limited & Others...

RESPONDENTS

Affidavit

I, Hetalkumar Patel S/o Hasmukhbhai Patel aged 35 years, working at Commerce Department, GUVNL, S.P. Patel Vidyut Bhavan, Race Course Vadodara 390 015 do solemnly affirm and say as follows:

- I am Junior Engineer (Commerce) of the Gujarat Urja Vikas Nigam Ltd. the Respondent in the above matter and am duly authorized by the said Respondent to make this affidavit.
- I have gone through the contents of the Reply of the Respondent to the Petition and I say that the contents mentioned therein are based on the records of the Respondent maintained in the normal course of business and believed by me to be true.

[Signature]
DEPONENT

VERIFICATION:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Vadodara on this 17th Day of May, 2018.

[Signature]
DEPONENT



Solemnly Affirmed / Declared
Sworn Before me by... *Hetalkumar Patel*

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
AHMEDABAD

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Petition No: 1716 of 2018

IN THE MATTER OF

Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff), Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble Commission for approval of tariff dispensation specific to sick industries.

AND

IN THE MATTER OF

Shah Alloy Limited,
5/1 Shreeji House, 5th floor,
Behind M.J. Library, Ashram Road,
Ahmedabad-06

Petitioner

AND

IN THE MATTER OF

Gujarat Urja Vikas Nigam Limited & Others...

Respondents

ADDITIONAL SUBMISSION ON BEHALF OF RESPONDENT NO. 5:

SUBMISSION:

1. The Petitioner above named has filed the present petition before the Hon'ble Commission under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff), Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble Commission for approval of tariff dispensation specific to sick industries.



2. The matter was listed for hearing before Hon'ble Commission on 8.06.2018. Pursuant to the hearing held on 8.06.2018, by way of additional affidavit, the Respondent is filling the present submission.

3. It is humbly submitted that the Respondent do not have objection in case Hon'ble Commission decide the present petition and allow tariff dispensation specific to sick industries provided that recovery of full ARR of Distribution Licensees is ensured.

4. +Hon'ble Commission is requested to consider the above submission of the Respondent while deciding the petition and prayer made thereof.


GUJARAT URJA VIKAS NIGAM LIMITED
- RESPONDENT

DATED: 14/06/2018

PLACE: Vadodra.

Filing No:
IN THE MATTER OF

Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff), Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble Commission for approval of tariff dispensation specific to sick industries.

AND

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Ahmedabad-06

PETITIONER

AND

Gujarat Urja Vikas Nigam Limited & Others...

RESPONDENT

Affidavit

I, Hetalkumar Patel S/o Hasmukhbhai Patel aged 35 years, working at Commerce Department, GUVNL, S.P. Patel Vidyut Bhavan, Race Course Vadodara 390 015 do solemnly affirm and say as follows:

- I am Junior Engineer (Commerce) of the Gujarat Urja Vikas Nigam Ltd, the Respondent in the above matter and am duly authorized by the said Respondent to make this affidavit.
- I have gone through the contents of the Reply of the Respondent to the Petition and I say that the contents mentioned therein are based on the records of the Respondent maintained in the normal course of business and believed by me to be true.

[Signature]
DEPONENT

VERIFICATION:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Vadodara on this 14th Day of June, 2018.

[Signature]
DEPONENT

My Commission Expires
on 04-07-2018
H. J. ZALA
NOTARY (Govt. of India)

Solemnly Affirmed/Declared
Sworn Before me by H. Patel
[Signature]



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37

**BEFORE THE GUJARAT ELECTRICITY REGULATORY
COMMISSION GANDHINAGAR**

Case No. 1716 of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.

AND

Shah Alloys Limited
5/1 Shreeji House, 5th Floor,
Behind M.J Library, Ashram Road,
Ahmedabad-06



..... Petitioner

ADDITIONAL SUBMISSION ON BEHALF OF PETITIONER

Pursuant to Hon'ble GERC daily order dated 20.06.2018, as directed we enclosed herewith a copy of Govt. Notification declaring Company as "Sick Units" as **Annexure-B**. We are also submitting herewith a copy of last three financial years Annual Reports as **Annexure - C1 to C3**. This is to submit that as can be seen in the financial statement of last three years that the net worth of the Company is totally eroded and is having negative net worth.

Further, to inform that copy of Government Resolution has been already submitted with the Hon'ble Commission on 20.06.2018 as **Annexure - A**.

For, Shah Alloys Limited

Niraj Jain
for Ashok Sharma
Director

No. IC/IM/VSIE/SUReg/2018/1617501
 Industries Commissionerate, 38
 Block No.1/2, 3rd Floor,
 UdyogBhavan, Gandhinagar.
www.ic.gujarat.gov.in.
 E-mail: icim@gujarat.gov.in
 Date: 04/04/2018.

CS

Read: Industries & Mines Department GR No. MIS/10/2015/702426/P Dt. 11/09/2017

Large Sick Industrial Enterprise Registration under Scheme for relief and Concessions to the viable Sick Industrial Enterprises

M/s Shah Alloys Ltd, Dist: Gandhinagar is hereby granted Viable Sick Industrial Enterprise Registration with the following particulars.

1. Registration No. & Date : **SU/LARGE/008 Dt. 04/04/2018.**
2. Name & Address : M/s Shah Alloys Ltd,
Block No. 2221/2222,
Shah Industrial Estate, Vill: Santej,
Sola Kalol Road, Taluka: Kalol,
Dist: Gandhinagr,
(a) Address of the factory : M/s Shah Alloys Ltd,
Block No. 2221/2222,
Shah Industrial Estate, Village: Santej,
Sola Kalol Road, Taluka: Kalol,
Dist: Gandhinagr,
(b) Address for correspondence : M/s Shah Alloys Ltd,
Corporate House, Village: Santej,
Sola-Kalol Road, Taluka: Kalol,
Dist: Gandhinagr,
3. Products manufactured : Round/Bright/TMT Bars, S.S. Flats,
MS/SS HR Coil, SS CR Coil, SS Slab,
Billets, Ingots, MS/SS/AS Plat & other
steel products,
4. Investment in Plant and machinery (As per Balance Sheet of year 2015-16) : Rs.39281.22 lacs
5. SIA Registration No. & Date : 1071/SIA/IMO/2000,
4087/SIA/IMO/95/09/08/95
3834/SIA/IMO/95/28/07/95
2431/SIA/IMO/97/20/01/97

1. This registration is issued under **Industries & Mines Department** Resolution No. MIS/10/2015/ 702426/P/dated: 11/09/2017. 39
2. This registration will not make the enterprise automatically entitled for relief and concessions as sick enterprise under GR No. MIS/10/2015/702426/P dated 11/09/2017.
3. This registration is subject to fulfillment of eligibility criteria and terms and conditions of above mentioned GR dated 11/09/2017.

(As approved by IC)

Addl. Industries Commissioner (SP)

To,
The Managing Director,
✓ M/s Shah Alloys Ltd,
Corporate House,
Block No. 2221/2222,
Sola Kalol Road, Village: Santej, Taluka: Kalol,
Dist: Gandhinagr,

Copy forwarded with compliments to:

- (1) The Managing Director,
Gujarat Energy Transmission Corporation Limited,
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara 390 007
- (2) Joint Secretary,
Industries & Mines Department,
Block No.5, Third Floor,,
SardarBhavan, New Sachivalaya,
Gandhinagar.
- (3) Add. Commissioner of State Tax (Adm),
State Tax department,
Rajya Kar Bhavan,
Ashram Road,
Ahmedabad-380 009.
- (4) Collector of Electricity Duty,
Udyog Bhavan, Block No. 18, 7th Floor,
Sector-11, Gandhinagar.

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Petition No : 1716 of 2018

IN THE MATTER OF

Petition under the provisions of the Electricity Act,
2003 read with GERC (Multi Year Tariff),
Regulations 2016 (Regulation 10.2) and other application
Regulations of Hon'ble Commission for approval of tariff
Dispensation specific to sick industries.

AND

IN THE MATTER OF

Shah Alloys Limited
5/1 Shreeji House, 5th Floor
Behind M.J Library, Ashram Road,
Ahmedabad – 06.

Petitioner

ADDITIONAL SUBMISSION ON BEHALF OF PETITIONER:

The matter was listed for hearing before Hon'ble Commission on 08.06.2018, additional submission is submitted herewith.

1. The copy of GR of Government of Gujarat for revival of sick industries as per Annexure-A

For Shah Alloys Limited


AUTHORISED SIGNATORY



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Petition No : 1716 of 2018

IN THE MATTER OF

Petition under the provisions of the Electricity Act,
2003 read with GERC (Multi Year Tariff),
Regulations 2016 (Regulation 10.2) and other application
Regulations of Hon'ble Commission for approval of tariff
Dispensation specific to sick industries.

AND

IN THE MATTER OF

Shah Alloys Limited
5/1 Shreeji House, 5th Floor
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Petitioner

ADDITIONAL SUBMISSION ON BEHALF OF PETITIONER:

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1. The copy of GR of Government of Gujarat for revival of sick industries as per Annexure-A

For Shah Alloys Limited


AUTHORISED SIGNATORY



"Scheme for relief and concessions to the
viable Sick Industrial Enterprises"

GOVERNMENT OF GUJARAT

Industries and Mines Department

G.R.No: MIS/10/2015/702426/P

Schivalaya, Gandhinagar,

Dt. 11/9/2017



- Read:** [1] Gujarat Industrial Policy 2015
 [2] I. & M. D. G. R. No. BFR/(HPC)/102003/3537/P, Dt. 12-05-2004
 [3] I. & M. D. G. R. No. BFR/(HPC)/102009/435690/P, Dt. 15-07-2010
 [4] I. & M. D. G. R. No. SSI-102014-924840-CH, Dt. 19-01-2015
 [5] I. & M. D. G. R. No. MIS/10/2015/702426/P Dt. 28-07-2016

1.0 Preamble:

Gujarat contributes more than 7.5 percent to India's GDP and 18 percent to India's fixed capital. More than 10% of the country's factories are in Gujarat while its manufacturing sector contributes 28% to its GSDP. Besides a robust primary economy, Gujarat is also one of the most industrialized states with dominance in many industry sectors. However, there are some sick enterprises out of large number of manufacturing enterprises in the state.

Sick enterprises lead to problems like unemployment, revenue loss to State and Central Government and increase in non-productive assets. Sickness is due to various reasons like obsolete product or technology, poor management, financial and marketing problems etc. This needs support from financial institutions, Government and from owners for converting non-productive assets to productive assets.

State Government earlier vide G.R. dated 12/05/2004 and 15/07/2010 had introduced Schemes for relief to the sick industrial companies registered with the BIFR/GBIFR. Under these schemes, number of sick enterprises has taken advantage for rehabilitation of their units. As the time limit of these existing schemes are over, it was under consideration of State Government to give relief and concessions to viable sick MSMEs and large enterprises for converting their non-productive assets into productive assets.

The State Government has introduced new Industrial Policy in January 2015 with aim of comprehensive social and economic development. Under the New Industrial Policy 2015, Government of Gujarat has issued a G.R. read at [4] above, announcing a scheme for registration of sick Micro, Small and Medium Enterprises (MSME) and also the assistance for preparing Diagnostic Report/ Draft Rehabilitation Scheme (DRS) to sick MSMEs.



In view of the above context and representation of number of sick units, Chamber of Commerce & Industry and Industries Associations for relief and concessions, state Government vide Resolution dated 28/07/2016 issued a scheme for relief and concessions to the viable Sick Industrial Enterprises registered with BIFR or GBIFR.



Subsequent to issuance of this GR, vide notification issued by Ministry of Finance (Department of Financial Services), New Delhi dated 25-11-2016, the Sick Industrial Companies (Special Provisions), Act, 1985, has been repealed from 1st December, 2016. BIFR & AIFR stand dissolved with effect from that date. Considering this, it was under consideration for modification of the GR dated 28/07/2016.

2.0 Resolution:

Government is pleased to introduce modified scheme for Rehabilitation of sick enterprises with grant of relief and concessions to the Sick viable industrial enterprises fulfilling the criteria for registration as sick enterprise.

3.0 The Scheme:

The Scheme shall be known as "Scheme for relief and concessions to the viable Sick Industrial Enterprises."

4.0 Time limit for application:

To avail benefit under this scheme, the sick industrial enterprise shall have to apply within two years from the date of issue of this GR.

5.0 Definition:

- 1) "Competent authority" shall mean Additional Chief Secretary/ Principal Secretary, Industries and Mines Department, Industries Commissioner / Commissioner (MSME) as the case may be.
- 2) "Sick enterprise" shall mean an industrial enterprise which has been fulfilling the criteria for registration as sick enterprise.
- 3) "Outstanding dues" means the dues accrued up to 31st March of the financial year preceding the date of application submitted under this scheme, and payable towards State taxes and other dues of the State Government (royalties, electricity duty, water charges levied by the state departments) and also dues payable to GIC, GSFC, GIDC, GUVNL & companies under it (formerly known as GEB), GMB, GWSSB and GWIL.
- 4) **Net Worth:** In case of a limited company, net worth means the sum total of paid up capital and free reserves. In case of a partnership/propriety concern net worth means the sum total of partners' /proprietor's capital and free reserves.
Free Reserves: Means all reserves created out of profit and share premium account but does not include reserves created out of revaluation of assets, written back depreciation under amalgamation provisions.

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- 5) **Bank:** Means any public sector bank, District Co-operative Bank, Urban Co-operative Bank and any other bank which is a scheduled bank in terms of the second schedule to the Reserve Bank of India Act.
- 6) **Financial Institution:** Means Industrial Finance Corporation of India, Industrial Investment Bank of India, Small Industries Development Bank of India, Gujarat Industrial Investment Corporation Ltd., Gujarat State Financial Corporation or other institution which is authorized under any law to advance term loans to industrial enterprises.
- 7) **Viable Sick Enterprise:** (a) For Micro, Small and Medium industrial enterprise means an enterprise having EM Part II acknowledgement under MSME Act/Udyog Adhar (b) for Large Industrial enterprise means an enterprise having SIA registration / or any Licence/ Registration issued by competent authority and (c) Industrial enterprise fulfilling the criteria of registration as sick enterprise and is technically feasible and economically viable as per Draft Rehabilitation Scheme (DRS)/ Techno Economic Viability (TEV) report from State/ Central Financial Institutions, Gujarat Industrial and Technical Consultancy Organization Limited (GITCO), Nationalized Banks or their Associates.
- 8) **State Government:** Means the Government of Gujarat.
- 9) **Relief and Concessions:** Means relief and concessions declared under this GR specifically as per paragraph 7.0.
- 10) **Net VAT:** Means the tax including Additional Tax paid on sale of product after adjusting the tax credit of tax, including Additional Tax on purchases, under Gujarat Value Added Tax Act, 2003.

6.0 Eligibility:

I. Micro, Small and Medium industrial enterprise

Any Micro, Small and Medium industrial enterprise registered under MSME Act having EM Part II / Udyog Adhar acknowledgement and fulfilling the following criteria of a sick enterprise will be eligible.

- There is erosion in the net worth due to accumulated losses to the extent of 50 percent of its net worth during the previous accounting year;
- The enterprise has been in commercial production for at least two years.

II. Large industrial enterprise

Any Large industrial enterprise fulfilling the following criteria of a sick industrial enterprise will be eligible.

- The enterprise should have SIA registration/ or any Licence/ Registration issued by competent authority.
- There is erosion in the net worth due to accumulated losses to the extent of 50 percent of its net worth, during the previous accounting year.
- The enterprise should be incorporated before 5 years and has been in commercial production for at least two years.





- III. Units becoming sick on account of willful mismanagement, willful default, unauthorized diversion of funds, disputes among partners / promoters, etc. should not be classified as sick units and accordingly should not be eligible for any reliefs and concessions. In such cases steps should be taken for recovery of bank's dues. The declaration of a borrower as a willful defaulter should be done strictly in accordance with the extant RBI guidelines.
The sick enterprise which has availed benefit of OTS under previous scheme of the State Government vide G.R. dated 12/05/2004 or 15/07/2010 would not be eligible for Settlement of Dues mentioned in para 7.1 under this scheme.
- V. The cases that have applied under G.R. dated 12/05/2004 and/ or 15/07/2010 but have not yet been sanctioned shall be eligible for relief and concessions under the respective schemes. However, option will be available to such cases to opt under this scheme subject to fulfillment of eligibility criteria under this scheme.
- VI. The cases that have been sanctioned relief and concessions under G.R. vide G.R. dated 12/05/2004 or 15/07/2010 but not availed the benefit under the respective scheme will be eligible for relief and concessions under this scheme subject to fulfillment of eligibility criteria under this scheme.

7.0 Relief and concessions:-

7.1 Settlement of Dues:

7.1.1 A sick enterprise, which is required to make payment of any outstanding dues under this scheme may give option to make payment of such outstanding dues in the manner stipulated below

Option	Period during which amount of outstanding dues shall be paid	Down Payment	Relief
(1)	(2)	(3)	(4)
1	If a sick enterprise makes entire payment of all the outstanding principal dues and expenses incurred by the concerned government office(s) within 6 months of the sanction letter	10%	Remission of the entire amount of interest, penal interest and penalty.
2	If a sick enterprise makes entire payment of all the outstanding principal dues and expenses incurred by the concerned government office(s), within 24 months of the sanction letter. In such case, the sick industrial enterprise will be required to pay simple interest @ 9 % on the outstanding principal dues and expenses incurred by the concerned government office(s) payable from the date of sanction letter issued under this	10%	Remission of entire amount of interest, penal interest and penalty.



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Scheme		
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- 7.1.2 The amount of down payment payable by the sick enterprise shall be paid within one month of the issue of sanction letter under option 1 and within two months under option 2. The Down Payment is required to be made with reference to principal outstanding dues and recoverable expenses incurred by the concerned government office(s).
- 7.1.3 The enterprise shall pay the remaining amount (i.e. after excluding the amount of Down Payment) of principal outstanding dues and expenses incurred by the concerned government office(s), along with interest payable (under option 2) in equal and monthly installments commencing in the month subsequent to the month in which Down Payment is made and in the remaining months within the time period prescribed in paragraph 7.1.1 above. The simple interest (under option 2) shall be charged on reducing balance of the outstanding settlement dues.
- 7.1.4 If the enterprise fails to make Down payment / subsequent payment as stipulated above in paragraphs 7.1.2 and 7.1.3, Industries Commissioner/Commissioner(MSME) as the case may be, would be the competent authority to condone such delayed period for payment within the period already approved by competent committee with simple interest at the rate of 11% p.a. on the amount of delayed payment for the period of delay.
- 7.1.5 If the enterprise fails to make Down payment / subsequent payments within the stipulated period, ACS/ PS (I&M) would be the competent authority to condone the delayed period for a maximum of 12 months with 11% p.a. simple interest on such delayed period under all payment options. However, only that sick enterprise which has made payment of atleast 50% of settlement amount as per sanction letter would be eligible for such condoning
- 7.1.6 The payment as per the sanction letter shall be made in an escrow account opened by GIDC for the purpose. In the event of payment not being made within the stipulated time period as mentioned in paragraph 7.1.2 to 7.1.5 above, as also non fulfillment of various compliances stipulated in the sanction letter, the amount so paid under the scheme in Escrow account shall be forfeited and shall be transferred to the respective nodal departments and will be adjusted towards their overdue.

7.2 Reimbursement of electricity duty:

- 7.2.1 The eligible sick enterprise will be entitled to reimbursement of electricity duty paid for 3 years @ 100% reimbursement for first year, 75% for second year and 50% for third year, after issuance of sanction letter or commencement of production, whichever is later. The reimbursement shall be made within 60 days from the last date of the calendar quarter, subject to fulfillment of compliances.
- 7.2.2 The eligible sick enterprise classified as Labour Intensive units would be eligible to get reimbursement of electricity duty for an additional period of one year @50% of electricity duty paid. The list of Labour intensive industries/sectors shall be notified separately for the purpose of this GR by the State Government.(i.e.3+1 year).



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7.2.3 Eligible Micro, Small and Medium enterprise would get reimbursement of electricity duty for an additional period of one year @ 50% of electricity duty paid. (i.e. 3+1 year) and (3+2 years, if it is labour intensive and Micro, Small and Medium enterprise).

7.2.4 The benefit of reimbursement of electricity duty shall be available only if the electricity is purchased from a State Government owned electricity / power distribution licensee. An industrial unit generating power from its captive power plant or getting it from non-government owned power plant through open access will not be eligible for reimbursement of electricity duty.

7.2.5 The benefit of reimbursement of electricity duty paid shall be available only till such time as the enterprise continues under the same management as on the date of issue of sanction letter under this GR.

7.3 Incentive for additional fixed capital investment made by eligible sick enterprises:

7.3.1 If the existing promoter / management of a sick enterprise infuse fresh capital for revival of the unit, then 75% of the amount of such additional fixed capital investment shall be eligible for reimbursement of Net VAT to the extent of 75%.

7.3.2 The infusion of such additional fixed capital investment shall be as per the DRS/ TEV report. Such infusion of additional investment should not be less than 10% of gross block of the unit as per the balance sheet as on the 31st of March of the immediately preceding financial year.

7.3.3 The eligible fixed capital investment should have been made within 18 months from the date of submission of DRS / TEV report or from the date of sanction letter issued under the scheme.

7.3.4 The eligible Net VAT reimbursement shall be availed within 5 years from the date of sanction of relief under the scheme or commencement of production, whichever is later.

7.3.5 Net VAT reimbursement will be available on total production including production from existing machinery.

7.3.6 The benefit of reimbursement of Net VAT shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.

7.4 Incentive for fixed capital investment made by eligible sick enterprise for generation of renewable energy for captive use:

7.4.1 If the existing promoter / management of a sick enterprise make fixed capital investment for generation of renewable energy for captive use, 75% of the capital expenditure on such investment shall be eligible for reimbursement @ 75% of Net VAT paid. The benefit of Net VAT reimbursement shall have to be utilized within 5 years from the date of commencement of power generation from such plant.

7.4.2 The benefit of reimbursement of Net VAT shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.



7.5 Relief and Concession to eligible sick enterprise to avail unutilized Sales Tax/ VAT incentive under any earlier Incentive Scheme and Kutch Package 2001 of the State Government:

7.5.1 Eligible sick enterprise that has availed incentive under any earlier Incentive Scheme and/or Kutch Package 2001 of the State Government, and has not availed fully the incentive amount eligible under the respective scheme, would be entitled to avail 75% of the balance unutilized incentive already approved under the respective scheme, within a further period of 75% of the eligible period approved under the respective incentive scheme, from the date of sanction of relief under this GR or commencement of production, whichever is later.

7.5.2 The benefit to avail the balance unutilized Sales Tax or VAT incentive, as applicable, shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.

7.5.3 The benefit to avail the balance unutilized Sales Tax/ VAT incentive shall be subject to

- a) Atleast 25% of sanctioned Sales Tax/ VAT incentive has been availed prior to application under this scheme.
- b) The benefit shall be available subject to clearance of other Government dues pending, if any.

7.6 Entitlement by sick enterprise to avail electricity supply through Open Access:

A sick industrial enterprise getting relief and concessions under this scheme shall be entitled to source power from any supplier including open access as per the provisions of Open Access Regulation of GERC.

8.0 Sick enterprise taken over by new promoter/ management:

8.1 Sick enterprise taken over by a new Promoter/ Management would be eligible for relief and concessions available to sick enterprise as mentioned in paragraphs 7.1, 7.2, 7.3, 7.4, 7.5 and 7.6 under this scheme.

8.2 This benefit will be available only if there is a distinct change of management in the real sense.

8.3 The benefit in paragraphs 7.2, 7.3, 7.4, 7.5 and 7.6 under the scheme shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.

9.0 Procedure:

1. The applicant enterprise shall have to apply to the office of the Industries Commissioner/ Commissioner(MSME) as the case may be, in a prescribed application form with required details for availing reliefs and concessions. Such application should be accompanied by a proposed rehabilitation scheme that envisages repayment of dues to the banks/financial institutions, if any, as well as outstanding dues of the State Government, State PSUs. Further, the application should



be accompanied by the audited accounts of the enterprise for the preceding three years; with the auditor's remarks duly complied with.

2. Registration to Micro, Small and Medium Enterprises fulfilling the criteria for registration mentioned in the GR, will be given by the office of the MSME Commissioner.
3. Registration to Large Enterprises fulfilling the criteria for registration mentioned in the GR, will be given by the Industries Commissioner.
4. The cases having total outstanding dues upto Rs.10 crore will be decided by a committee chaired by the Industries Commissioner/Commissioner(MSME) as the case may be, as mentioned in paragraph 10.1 of this G.R.
5. The cases having total outstanding dues above Rs.10 crore upto Rs.25 crore will be decided by a committee chaired by Additional Chief Secretary/ Principal Secretary (Industries & Mines department), as mentioned in paragraph 10.2 of this G.R.
6. The cases having total outstanding dues above Rs.25 crore and up to Rs.50 crore will be decided by a committee chaired by the Chief Secretary, as mentioned in paragraph 10.3 of this G.R.
7. The cases having total outstanding dues above Rs. 50 crore will be decided by a High Power Committee (HPC) chaired by the Hon'ble Chief Minister, as mentioned in paragraph 10.4 of this G.R.
8. An application for relief and concession received under this scheme, not specifically falling under paragraphs 9.4 to 9.7 above, shall be decided by the Committee chaired by Chief Secretary as mentioned in paragraph 10.3 of this G.R.
9. The cases to be placed before High Power Committee will first be placed before the committee chaired by Chief Secretary for examination and recommendation to HPC.

10.0 Competent Committee:

10.1 Committee headed by Industries Commissioner / Commissioner(MSME) as the case may be:

1	Industries Commissioner / Commissioner (MSME)	Chairman
2	Managing Director, G.S.F.C	Member
3	VC & MD, GIDC	Member
4	Special Commissioner, Commercial Tax	Member
5	Commissioner, Electricity Duty	Member
6	Joint/Deputy Secretary, Finance Dept.	Member
7	Joint/ Dy. Secretary, Industries & Mines department	Member
8	General Manager, Dena bank & Chairman, SLBC cell	Member
9	Representative of Gujarat Chamber of Commerce & Industry	Member
10	Representative of GSSIF	Member
11	Representative of Laghu Udyog Bharati	Member
12	Add. /Jt. Commissioner of Industries	Member Secretary



10.2 Committee headed by Addl. Chief Secretary/ Principal Secretary (IMD):

- | | | |
|---|---|------------------|
| 1 | Add Chief Secretary / Principal Secretary (IMD) | Chairman |
| 2 | Secretary Expenditure, Finance Dept. | Member |
| 3 | Secretary of concerned Department/s | Member |
| 4 | VC & MD, GIDC | Member |
| 5 | Industries Commissioner/Commissioner(MSME) | Member |
| | as the case may be | |
| 6 | Addl. Industries Commissioner | Member Secretary |



10.3 Committee headed by Chief Secretary (CS):

- | | | |
|---|---|------------------|
| 1 | Chief Secretary | Chairman |
| 2 | Add. Chief Secretary / Principal Secretary, Finance Dept. | Member |
| 3 | Add. Chief Secretary / Principal Secretary (IMD) | Member |
| 4 | Secretary of concerned Department/s | Member |
| 5 | Industries Commissioner/Commissioner(MSME) | Member Secretary |
| | as the case may be | |

10.4 High Power Committee:

- | | | |
|---|--|------------------|
| 1 | Hon. Chief Minister | Chairman |
| 2 | Hon. Finance Minister | Member |
| 3 | Hon. Industries Minister | Member |
| 4 | Chief Secretary | Member |
| 5 | Addl. Chief Secretary/ Principal Secretary, Finance Dept. | Member |
| 6 | Addl. Chief Secretary/ Principal Secretary, Ind. & Mines Dept. | Member |
| 7 | Industries Commissioner/Commissioner(MSME) | Member Secretary |
| | as the case may be | |

The Chairman of the above committees may call any officer as deemed necessary from other departments.

11.1 Conditions for availing VAT incentive under Paragraph 7.3,7.4 & 7.5:

- 1 Sick enterprise eligible for reimbursement of Net VAT shall be considered as a normal dealer under the Gujarat Value Added Tax Act, 2003 and the rules made there under. The incentive shall be available in the form of reimbursement only.
- 2 Eligible sick enterprise will be allowed reimbursement of net VAT paid to the extent of rates as outlined under paragraph 7.3.1 and 7.4.1 of this resolution.
- 3 Eligible sick enterprise shall manufacture the goods on its own for which it is eligible for incentive.
- 4 Eligible sick enterprise shall remain in production during the incentive period.
- 5 Eligible sick enterprise shall have to make e-payment and submit e-returns.
- 6 VAT Concessions are available only upto 30-6-2017. In the GST regime, necessary modifications will be made as may be decided by the State Government and the decision of the state government shall be final.

Signature



11.2 Other Terms and Conditions:

- 1) The dues certified by the concerned department/office and approved by respective committee under the scheme would be considered for relief and concessions. Any revision in the outstanding dues made by department/office before approval of the respective committee would be considered under this scheme.
- 2) In case of any increase in outstanding dues other than approved by the competent committee, due to assessment, audit, appeal, revision or for any other reason, the enterprise shall abide by the same.
- 3) In case of any question of interpretation or clarification relating to this GR, the decision of the committee chaired by the Chief Secretary will be final and binding to all.
- 4) The relief and concessions expected from the Government of Gujarat should be critical and need based for the revival of the company.
- 5) The relief and concessions mentioned in this GR shall not be automatically available to a sick enterprise, but shall be considered on the merits of each individual case.
- 6) Industries Commissioner /Commissioner (MSME) as the case may be, will prescribe application form, check list and such other documents necessary for applying, processing and sanctioning of reliefs and concessions under this scheme.
- 7) The working unit shall be kept under observation for one year, during which period the unit shall have to pay all the current dues regularly. In case of a closed unit, it shall be kept under observation for one year after restarting the production, during which period the unit shall have to pay all the current dues regularly. If unit sanctioned relief and concessions under this scheme, fails thereafter to pay the current dues, the relief and concession sanctioned under this scheme shall be liable to be cancelled.
- 8) The concerned department of the State Government, or State PSUs or other offices under it, participating in this rehabilitation programme of sick enterprise, shall take necessary action for implementation of the scheme, as decided by the respective committee.
- 9) The industrial enterprise who has already applied for relief and concessions under GR dated 28/07/2016, such application will be automatically considered under this GR.

12.0 Budget provision:

The expenditure on this account will be met from the sanctioned grant of the respective financial year under the following budget head:

1	Demand No	49 (Plan)
2	Major Head	2852 (Cottage and Small Industries)
3	Sub- Major Head	80 (General)
4	Minor Head	800 Other expenditure
5	Sub Minor Head	(25) IND-6, Rehabilitation programmes for Sick Industries



This issues with the concurrence of Finance Department dated 6.9.2017 on this department file of even number.

By order and in the name of Governor of Gujarat.

B. S. Mehta

(B.S.Mehta)

Joint Secretary

Industries and Mines Department

To,

- 1 Secretary to H.E. The Governor *
- 2 PS to All Ministers
- 3 Principal Secretary to Hon.CM
- 4 Under Secretary to Chief Secretary
- 5 All Departments, Sachivalaya, Gandhinagar
(with a request to inform all the concerned under their departments)
- 6 All Heads of Departments/Boards/Corporations/Institutions under Industries & Mines Department
- 7 Industries Commissioner, Gandhinagar
- 8 Commissioner (MSME), Gandhinagar
- 9 All DIC's
- 10 Commissioner of Commercial Tax, Ashram Road, Ahmedabad
- 11 Accountant General, Ahmedabad/Rajkot *
- 12 Pay and Accounts Officer, Ahmedabad/ Gandhinagar
- 13 All branches of Industries & Mines Department
- 14 All leading Financial Institutions / Banks/ Industries' Associations (through Industries Commissioner)
- 15 Jt C I.O. Industries & Mines Department for uploading on website
- 16 Select file

*By letter



BEFORE THE GUJARAT ELECTRICITY REGULATORY

COMMISSION GANDHINAGAR

Case No. 1716 of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.

AND

Shah Alloys Limited
5/1 Shreeji House, 5th Floor,
Behind M.J Library, Ashram Road,
Ahmedabad-06

..... Petitioner

AND

1. Paschim Gujarat Vij Company Limited
2. Uttar Gujarat Vij Company Limited.
3. Dakshin Gujarat Vij Company Limited.
4. Madhya Gujarat Vij Company Limited
5. Gujarat Urja Vikas Nigam Limited

..... Respondents

AFFIDAVIT

I, Ashok Sharma son of Aatmaram Sharma aged about 62 years resident of 81/675, Pushpak Apartment, Naranpura, Ahmedabad-63 do hereby solemnly affirm and state as under:

1. I am the Director of the Shah Alloys Limited and I am well conversant with the facts of the case and able to depose to the present affidavit.
2. I have gone through the contents of the additional submission and I say that the contents stated therein are based on the records of the Petitioner maintained in the normal course of business.

FOR SHAH ALLOYS LIM.

VERIFICATION:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Ahmedabad on this 19th day of June 2018.

FOR, SHAH ALLOYS LIMITED

Asharone
DIRECTOR
DEPONENT

IDENTIFIED BY ME
ADVOCATE

Case No. 6107-2018
Solemnly Affirmed &
Signed before me
[Signature]
19 JUN 2018
YOGENDRA S. RAJPUT
NOTARY PUBLIC
GOVT. OF INDIA
(My Commission Expires
on 24/02/2023)



NOTARIAL NOTARIAL

Annual Report 2014-2015



SHAH ALLOYS LTD.



BOARD OF DIRECTORS:

Shri Rajendra V. Shah	Chairman
Shri Ashok A Sharma	Whole-Time Director
Shri Kandodi Srinivas Kamath	Jt. Managing Director
Shri Dilip Kumar Sinha	Independent Director
Shri G.M. Shaikh	Independent Director
Shri Tejpal S Shah	Independent Director
Shri Harshad M Shah	Independent Director
Shri Tilak Raj Sahni	Nominee Director – UBI (upto 12.01.2015)
Shri Harbans Lal Rawal	Nominee Director – UBI (w.e.f. 13.01.2015)
Shri Yashpal Mehta	Chief Financial Officer
Shri Vinod Kumar Shah	Company Secretary

REGISTERED OFFICE

5/1, Shreeji House,
B/h. M.J. Library, Ashram Road,
Ahmedabad-380 006

CORPORATE OFFICE

Shah Alloys Limited
Corporate House,
Sola-Kalol Road,
Village Santej,
Dist.-Gandhinagar-382 721.

WORKS

Shah Industrial Estate, Block No.2221,
Sola-Kalol Road, Santej,
Tal. Kalol, Dist. Gandhinagar- 382 721

AUDITORS

Talati & Talati
Chartered Accountants
Ambika Chambers
Nr. Old High Court, Navarangpura.
Ahmedabad-380 009.

BANKERS TO THE COMPANY

1. Union Bank of India
2. State Bank of India
3. Punjab National Bank
4. Bank of Maharashtra
5. Axis Bank Limited

Shareholders are requested to bring their copies of Annual Report at the Annual General Meeting as the same will not be distributed in the Meeting Hall.

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**NOTICE**

NOTICE is hereby given that 25th Annual General Meeting of the Members of **SHAH ALLOYS LIMITED** will be held on Thursday, 24th September, 2015 at 05:00 P.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2015, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajendra V. Shah (DIN 00020904), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, M/s Talati & Talati, Chartered Accountants, Ahmedabad, (ICAI Registration No. 110758W), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Twenty Eighth Annual General Meeting to be held in the year 2018 subject to ratification of the appointment by the members at every AGM held after this AGM at a remuneration plus applicable service tax and out of pocket expenses incurred by them for the purpose of audit to be decided by the Board of Directors in consultation with the Auditors.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Special Resolution:**
“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act and the Rules made thereunder, as amended from time to time and subject to such approvals as may be necessary and further approval of the members in the forthcoming Annual General Meeting, consent of the company be and is hereby accorded for re-appointment and for the terms of remuneration of Shri Kandodi Srinivas Kamath (DIN 00261544) as Joint Managing Director of the Company for the period from 1st November 2015 to 30th October 2020, upon the terms and conditions as set out in the in the written memorandum placed before meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Shri Kandodi Srinivas Kamath (DIN 00261544).”
5. To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Special Resolution:**
“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act and the Rules made thereunder, as amended from time to time and subject to such approvals as may be necessary and further approval of the members in the forthcoming Annual General Meeting, the Board hereby approves of the appointment and terms of remuneration of Shri Ashok A. Sharma (DIN 00038360) as Whole Time Director of the Company for the period from 1st May 2015 to 30th April 2020, upon the terms and conditions set out in appointment letter, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Shri Ashok A Sharma (DIN 00038360).”
6. To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution:**
“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 be paid the remuneration of ₹ 90,000/- per annum plus out of pocket expenses, if any, incurred during the course of above audit.”

NOTES

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her self and proxy need not be a member. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.**
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement (Including any Statutory Modification or re-enactment thereof for the time being in force), the Company is providing e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. The instructions for e-voting are enclosed herewith.
3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.



4. Pursuant to Clause 49 of the Listing Agreement, details of directors seeking appointment/reappointment at the Meeting are given in detail, is annexed hereto.
5. A statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
6. Shareholders are requested to bring their copy of Annual Report to the meeting.
7. Members/Proxies should fill Attendance Slip for attending the meeting.
8. **The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 16th September, 2015 to Thursday, 24th September, 2015 (both days inclusive).**
9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
12. **Members holding shares in physical form and who have not registered their email IDs are requested to register their email IDs with the Company's Share Registrars and Transfer Agents.**
13. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2015 is uploaded on the Company's website www.shahalloys.com and may be accessed by the members and also on the website of the Bombay Stock Exchange Ltd. www.bseindia.com.
14. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, a physical copy of the Annual Report for 2014 -15 is being sent in the permitted mode.

Instructions for shareholders voting electronically are as under:

1. The shareholders should log on to the e-voting website www.evotingindia.com.
2. Click on Shareholders.
3. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
4. Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
7. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).



SHAH ALLOYS LIMITED

8. After entering these details appropriately, click on "SUBMIT" tab.
9. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the relevant EVSN on which you choose to vote.
12. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
13. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
14. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
15. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
17. If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to **www.evotingindia.com** and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

18. Please follow all steps from sl. no. (1) to sl. no. (17) above to cast vote.
19. The voting period begins on 21.09.2015 at 10 a.m. and ends on 23.09.2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of 17.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
20. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at **www.evotingindia.com** under help section or write an email to **helpdesk.evoting@cdslindia.com**.

GENERAL INSTRUCTIONS FOR VOTING:

- a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 read with clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by CDSL.
- b. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- c. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- d. Shri Kamlesh. M. Shah, Practicing Company Secretary, (Membership No. A8356 and COP No. 2072) (Address: 801-A, Mahalay Complex, Opp: Hotel President, B/h. Fairdeal House, Swastik Cross Roads, Navrangpura, Ahmedabad: 380 009, Gujarat, India,) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- e. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, submit to the Chairman of the Company.
- f. The Results declared by the Chairman along with the Scrutinizer's Report shall be placed on the Company's website **http://www.shahalloys.com** and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company and communicated to the NSE and BSE Limited and will be uploaded on website of Stock Exchanges.



g. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17.09.2015, may obtain the login ID and password by sending a request at www.evotingindia.com.

Note: For detailed instructions for e-voting, please visit website of CDSL.

By order of the Board

Date : 22nd May 2015

Place : Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

CIN: L27100GJ1990PLC014698

Vinod Kumar Shah

Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND THE RULES FRAMED THEREUNDER

ITEM NO.4

The Board of Directors of the Company (the 'Board'), at its meeting held on 22nd May 2015 has, subject to the approval of members, re-appointed Shri Kandodi Srinivas Kamath (DIN 00261544) as Joint Managing Director, for a period of 5 (Five) years from the expiry of his present term, which will expire on 30th October, 2015, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Kandodi Srinivas Kamath (DIN 00261544) as Joint Managing Director, in terms of the applicable provisions of the Act.

Shri Kandodi Srinivas Kamath (DIN 00261544) has been working as Joint Managing Director in the company since 1st November 2010. Shri Kandodi Srinivas Kamath has more than 33 years experience and has got vast experience in the Steel Industry.

Board recommends his appointment on the following material terms & conditions:

a	Period of Appointment	Five years from 1 st November 2015 to ending on 30 th October 2020.
b	Remuneration Details	
	Monthly Salary	₹ 1,07,700/- (Rupees one lac seven thousand seven hundred only)
	Perquisites and Facilities	
	Medical Reimbursement	For himself, spouse and dependent children as per Company's Policy.
	Car facility	Company maintained Car with option of driver as per Company's policy.
	Other facilities, if any	It includes Company's Contribution to Provident Fund, Provision for Gratuity, Encashment of Leave Salary, as per the rules of the Company. These shall not be included in computation of above limits of remuneration.
	Minimum Remuneration	Notwithstanding anything herein above stated, wherein any financial year, the Company incurs loss or its profits are inadequate, the Company shall pay to Shri Kamath, the remuneration by way of Salary, Bonus and Other Allowances not exceeding the limits specified under Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or such other limits as may be prescribed the Government from time to time.
C	Termination of Agreement	Written memorandum executed between Company and Shri Kandodi Srinivas Kamath, can be terminated by either party giving 3 months notice in writing of such termination.
D	Duties and Responsibilities	Shri Kandodi Srinivas Kamath shall be responsible for overall management of the company and shall perform such duties which may be entrusted to him, subject to superintendence, control and guidance of Board of Directors.

Shri Kandodi Srinivas Kamath satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out terms of re-appointment of Shri Kandodi Srinivas Kamath under Section 190 of the Act.



SHAH ALLOYS LIMITED

Brief resume of Shri Kandodi Srinivas Kamath, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with Stock Exchanges, are provided in Corporate Governance Report forming part of Annual Report.

Shri Kandodi Srinivas Kamath is interested in the resolution set out at Item No. 4 of the Notice, which pertain to his respective re-appointment and remuneration payable to him.

Save and except the above, none of the other Directors / Key Managerial Personnel of Company / their relatives is in any way, concerned or interested, financially or otherwise, in these resolutions. The Board commends Special Resolution set out at Item No. 4 of Notice for approval by shareholders.

Item No. 5

The Board of Directors of the Company (the 'Board'), at its meeting held on 22nd May 2015 has, subject to the approval of members, re-appointed Shri Ashok A. Sharma (DIN 00038360) as Whole Time Director, for a period of 5 (Five) years from the expiry of his present term, which expired on 30th April 2015, at the remuneration recommended by the Nomination and Remuneration Committee of the Board and approved by the Board.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Ashok A. Sharma (DIN 00038360) as Whole Time Director, in terms of the applicable provisions of the Act.

Shri Ashok A. Sharma (DIN 00038360) has been working as Whole Time Director in the company since July 2001. Shri Ashok A Sharma has been looking after day to day administrative and commercial work at the Company's plant situated at Santej. Shri Sharma is Chartered Accountant and Company Secretary by profession and has more than 30 years of rich experience in the field.

Board recommends his appointment on the following material terms & conditions:

a	Period of Appointment	Five years from 1 st May 2015 to ending on 30 th April 2020.
b	Remuneration Details	
	Monthly Salary	₹ 1,00,000/- (Rupees one lac only)
	Perquisites and Facilities	
	Medical Reimbursement	For himself, spouse and dependent children as per Company's Policy.
	Car facility	Company maintained Car with option of driver as per Company's policy.
	Other facilities, if any	It includes Company's Contribution to Provident Fund, Provision for Gratuity, Encashment of Leave Salary, as per the rules of the Company. These shall not be included in computation of above limits of remuneration.
	Minimum Remuneration	Notwithstanding anything herein above stated, wherein any financial year, the Company incurs loss or its profits are inadequate, the Company shall pay to Shri Sharma, the remuneration by way of Salary, Bonus and Other Allowances not exceeding the limits specified under Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or such other limits as may be prescribed the Government from time to time.
C	Termination of Agreement	Written memorandum executed between Company and Shri Ashok Sharma, can be terminated by either party giving 3 months notice in writing of such termination.
D	Duties and Responsibilities	Shri Ashok Sharma shall be responsible for overall day to day administrative and commercial work of the company and shall perform such duties which may be entrusted to him, subject to superintendence, control and guidance of Board of Directors.

Shri Ashok Sharma satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out terms of re-appointment of Shri Ashok Sharma under Section 190 of the Act.

Brief resume of Shri Ashok Sharma, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships amongst directors inter-se as stipulated under Clause 49 of Listing Agreement with Stock Exchanges, are provided in Corporate Governance Report forming part of Annual Report.

Shri Ashok Sharma is interested in the resolution set out at Item No. 5 of the Notice, which pertain to his respective re-appointment and remuneration payable to him.

Save and except the above, none of the other Directors / Key Managerial Personnel of Company / their relatives is in any way, concerned or interested, financially or otherwise, in these resolutions. The Board commends Special Resolution set out at Item No. 5 of Notice for approval by shareholders.

**ITEM NO.6**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 at the remuneration of ₹ 90,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016. None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice. The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

For and on behalf of the Board**Date : 22nd May 2015****Place : Santej****Registered Office:**

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

CIN: L27100GJ1990PLC014698**Vinod Kumar Shah
Company Secretary****DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE 25TH ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT RELATING TO CORPORATE GOVERNANCE:**

Name of Director	RAJENDRA V. SHAH DIN 00020904	KANDODI SRINIVAS KAMATH DIN 00261544	ASHOK SHARMA DIN 00038360
Date of Birth	19.09.1955	05.05.1960	04.01.1956
Date of Appointment	23.11.1990	26.04.2006	11.07.2001
Relationship with other Directors Inter se	None	None	None
Profile & Expertise in Specific functional Areas	34 years of experience in trading of Steel products and in construction company	33 years of experience in trading of Steel Industry	30 years of experience in administrative
Qualification	B. E. (Mech.)	B.Com.	C.A. & C.S.
No. of Equity Shares held in the Company	Nil	NIL	NIL
List of other Companies in which Directorships are held	S.A.L STEEL LTD	NIL	NIL
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	NIL	NIL	NIL



SHAH ALLOYS LIMITED

ADDITIONAL AGENDA TO NOTICE COVERING 25TH AGM OF SHAH ALLOYS LIMITED
Registered Office: 5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380 006
CIN: L29199GJ2003PLC043148

Following is an additional item of agenda to the Notice convening 25th Annual General Meeting of the Company which will be taken up for discussion and voting after all the items of the agenda of the notice of AGM dated 22.05.2015 is considered. This item will also appear in the list of various resolutions to be passed through e-voting portal helpdesk.evoting@cdslindia.com

RESOLUTION NO. 7

TO APPOINT SMT. SHEFALI M. PATEL, AS AN INDEPENDENT WOMEN DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Smt. Shefali M. Patel, (DIN: 07235872) who was appointed by the Board of Directors as an additional director as per Section 161 w.e.f. 13.07.2015 and who holds the office as such only upto the date of ensuing Annual General Meeting be and is hereby appointed as an Independent Women Director for a period of 5 years, i.e., upto conclusion of 30th AGM of the Company and she is not liable to retire by rotation."

By order of the Board

Vinod Kumar Shah
Company Secretary

Date : 13th July 2015

Place : Santej

Registered Office:

5/1 Shreeji House, B/h M.J. Library,
 Ashram Road, Ahmedabad-380 006.

CIN: L27100GJ1990PLC014698

EXPLANATORY STATEMENT

**(Pursuant to Section 102 of the Companies Act, 2013) &
 Particulars pursuant to clause 49 (II) (A) (1) of the Listing Agreement relating to**

Corporate Governance, the particulars of Director proposed to be appointed.

As required by section 102 of the Companies Act, 2013 (Act) read with clause 49 of the Listing Agreement, the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 7 of the accompanying Notice:

Smt. Shefali M Patel is aged 42 years. She is having excellent social background and is social worker working for nobel causes. She does not hold any shares in the Company. She is also a director in S.A.L. Steel Limited. After approval of members in AGM, she will be appointed as Non-Executive & Independent Women Director of the Company. Smt. Shefali M Patel is appointed pursuant to the provisions of Section 149(1) of the Act and amended Clause 49 of the Listing Agreement. As she holds the office of Director only upto the date of ensuing Annual General Meeting, the resolution is proposed for consideration and approval by the members in 25th AGM.

None of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or interested in the proposed resolution except Smt. Shefali M Patel.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT IN THE 12TH ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name of Director	SMT. SHEFALI M PATEL DIN: 07235872
Date of Birth	20.10.1972
Date of Appointment	13.07.2015
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	Engaged in Social work like education, medical services etc.
Qualification	SY B Sc
No. of Equity Shares held in the Company	Nil
List of other Companies in which Directorships are held	S.A.L. Steel Limited
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	NIL

Members are requested to consider and approve this resolution as an ordinary resolution.

For and on behalf of the Board

Vinod Kumar Shah
Company Secretary

Date : 13th July 2015

Place : Santej

Registered Office:

5/1 Shreeji House, B/h M.J. Library,
 Ashram Road, Ahmedabad-380 006.

CIN: L27100GJ1990PLC014698



DIRECTORS' REPORT

Dear Members,

Your Directors present 25th Annual Report on the operations and performance together with the Audited Financial Statements for the year ended on 31st March 2015.

FINANCIAL HIGHLIGHTS

₹ In Crores

Particulars	Current Year 31.03.15	Previous Year 31.03.14
Total Turnover and other Receipts	306.41	472.75
Gross Profit/Loss(Before deducting any of the following)	(35.13)	(63.17)
A. Interest and Financial charges	69.47	93.47
B. Depreciation, Amortisation and Impairment	39.38	29.93
C. Tax Liability		
I. Current Tax	0.00	0.00
II. Deferred Tax	(49.18)	(57.98)
III. Prior year Tax adjustment	0.00	0.00
Extra ordinary items	40.38	0.00
Net profit available for appropriation	(135.18)	(128.59)
Provision for Investment Allowance Reserve	Nil	Nil
Net Profit.		
A. Add: Brought forward from last year's balance	(658.04)	(529.45)
B. Less: Transferred to: General Reserve	Nil	Nil
Transfer to Debenture Redemption Reserve	Nil	Nil
Transitional effect of depreciation	(1.07)	0.00
Dividend: Dividend has not been recommended by the Board	N.A	N.A
Balance Carried forward	(794.29)	(658.04)

OPERATIONAL OVERVIEW

During the year under review Net Turnover of the Company has been decreased from ₹ 472.75 Crores to ₹ 306.41 Crores as compared to previous year's turnover poor demand of product. There was net loss of ₹ 35.13 Crores in comparison to the loss of ₹ 63.17 Crores in the previous year.

DIVIDEND

Due to loss, your Directors have not recommended dividend for the financial year 2014-15.

PERFORMANCE

As you are aware that Company has been declared Sick Unit under the provisions of Sick Industrial Company (Special Provisions) Act, 1985, it has become difficult for the company to arrange the funds. As such due to paucity of working capital, company's working is declining. Company is in constant touch with the lenders for an amicable settlement with the lenders through Hon'ble BIFR.

BUSINESS ACTIVITY

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel and Armour Steel in Flat and Long products. Company has been successful in developing protection Armour Steel which is mainly required for defense purpose. Company has been registered with Defense Research and Development Organization as approved vendor and it is expected that good business will be available to the company. To reduce the cost of power, company has been making efforts to purchase power through Open Access which would be cheaper than the present cost of power. There was no change in the business activities during the year.



SHAH ALLOYS LIMITED

DETAILS OF THE ASSOCIATES/ JOINT VENTURE / SUBSIDIARIES COMPANIES

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture. However, it has two associates companies, details are as under:

S. No.	Name of the Company	CIN/GLN	CONCERN	% of shares held by Company	Applicable Section
1.	S.A.L. Steel Limited	L27100GJ1990PLC014698	ASSOCIATE	35.61%	2(6)

FIXED DEPOSIT

The Company has not accepted any public deposit during the year under review and no amount against the same was outstanding at the end of the year.

REGULATORY STATEMENT

In conformity with provision of Clause 32 in the Listing Agreement (s), the Cash Flow Statement for the year ended 31.03.2015 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd. and the National Stock Exchange of India Ltd. (NSE).

The Company has paid listing fees for the year 2015-16 to above stock exchanges.

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

As required under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are separately provided in the annexure to this report

DETAILS OF RELATED PARTIES TRANSACTIONS PURUSANT TO SECTION 188(1) OF THE COMPANIES ACT, 2013

The Company is not entering into related parties transactions for sale/purchase of goods or services at preferential prices. However, all the transactions in the nature of sales/purchase of goods or services are made on arms length basis. The same were reported to the Board at every meeting and Board took a note of the same and approved. Other details for inter corporate financial transactions or remuneration and other benefits paid to directors, their relatives, key managerial personnel etc. are given in the notes to the accounts vide note no 31 as per requirements of AS 18.

The Company has formulated various other policies like Risk Management Policy, Evaluation of Board Performance Policy, CSR Policy etc. etc. All such policies were documented and adopted by the Board in its meeting held on 14.02.2015.

Full details of Risk Management Policy are given in the Corporate Governance Report under the head Whistle Blower Policy.

As the Company is loss making one, the provisions related to CSR is presently not applicable to the Company.

Regarding Performance Review of each of the member of the Board and also the performance of the various Committees and the Board, the Company has adopted the Model Code of Conduct for Independent Directors, Key Managerial Personnel as prescribed in Schedule IV to the Companies Act, 2013 and also as prescribed in the SEBI (Insider Trading) Regulations. The Company strictly follows the procedure to obtain necessary timely declarations from each of the directors and key managerial personnel from time to time.

DETAILS OF LOANS, GUARANTEES AND INVESTMENTS U/S 186 OF THE COMPANIES ACT, 2013

During the year under review the Company has not made any inter corporate loans, investments, given any corporate guarantee to any other body corporate, subsidiary, associate or any other company.

CORPORATE GOVERNANCE

The Board of Directors supports to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance.

BOARD OF DIRECTORS

Details about the Board of Directors Meetings are attached to the Report on Corporate Governance. Further, Shri Rajendra V Shah, will be the Director retiring by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

Shri Kandodi Srinivas Kamath, Joint Managing Director and Shri Ashok A Sharma, Whole Time Director has been re-appointed for a period of five years with effect from 01.11.2015 and 01.05.2015 respectively by the Board subject to approval of shareholders and other authority, if any. A resolution seeking approval of the members for re-appointment of Shri Kandodi Srinivas Kamath as Joint Managing Director and Shri Ashok A Sharma as Whole Time Director is being proposed at this Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

**DECLARATION BY INDEPENDENT DIRECTORS: (Pursuant to Provisions of section 149(6) OF the Companies Act 2013)**

All the Independent Directors of the Company do hereby declare that:

- (1) All the Independent Directors of the Company are neither Managing Director, nor a Whole Time Director nor a Manager or a Nominee Director.
- (2) All the Independent Directors in the opinion of the Board are persons of integrity and possesses relevant expertise and experience.
- (3) Who are or were not a Promoter of the Company or its Holding or subsidiary or associate company.
- (4) Who are or were not related to promoters or directors in the company, its holding, subsidiary or associate company.
- (5) Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company or their promoters or directors, during the two immediately preceding financial years or during the current financial year.
- (6) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary, or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lacs rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year,
- (7) Who neither himself, nor any of his relatives,
 - (a) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of three financial years immediately preceding the financial year in which I\he is proposed to be appointed.
 - (b) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial years in which he is proposed to be appointed of
 - (i) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; OR
 - (ii) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent, or more of the gross turnover of such firm;
 - (iii) Holds together with his relatives two per cent, or more of the total voting power of the company; OR
 - (iv) Is a Chief Executive or director, by whatever name called, or any non-profit organization that receives twenty five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; OR
 - (v) Who possesses such other qualifications as may be prescribed.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134 Clause (C) of Sub-Section (3) of the Companies Act, 2013, in relation to financial statements for the year 2014-15, the Board of Directors state:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2015, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss account of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis; and
- e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY BOARD AS PER REQUIREMENT OF SECTION 178 (1)

In compliance with Section 178 (1) as also in compliance with Clause 49 of the Listing Agreement, the Board of Directors do hereby declare that:

- a. The Company has proper constitution of the Board of Directors including independent directors in proportion as per requirement of clause 49 of the Listing Agreement. However, the Company is still in process for appointing a suitable person as woman director as required under Section 149 of the Companies Act, 2013.



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- b. The Company has constituted Nomination and Remuneration Committee, Stakeholders Relationship Committee, Audit Committee as per requirements of the Clause 49 of the Listing Agreement and provisions of the Companies Act 2013.
- c. The Company has the policy for selection and appointment of independent directors who are persons of reputation in the society, have adequate educational qualification, sufficient business experience and have integrity & loyalty towards their duties.
- d. The Company pays managerial remuneration to its Managing/Whole Time Directors based upon their qualification, experience and past remuneration received by them from their previous employers and company's financial position.
- e. The Independent Directors are paid sitting fee for attending sitting fees for attending Board and other committee meetings as decided by the Board from time to time. This sitting fee is decided considering the financial position of the company.
- f. The Company is not paying any commission on net profits to any directors.
- g. During the year the Board has met 4 times during the year. The details of presence of every director at each meeting of the Board including the meetings of the Committees, if any, are given in the reports of the Corporate Governance.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

The details in respect of internal financial control and their adequacy are included in Management Discussion and Analysis Report, which forms part of this report.

SYSTEM OF PERFORMANCE EVALUATION OF THE BOARD, INDEPENDENT DIRECTORS AND COMMITTEES AND INDIVIDUAL DIRECTORS

1. The Board makes evaluation of the effectiveness and efficiency of every individual directors, committee of directors, independent directors and board as a whole.
2. For these purpose the Board makes evaluation twice in a year on a half yearly basis.
3. The performance of individual directors are evaluated by the entire Board, excluding the Director being evaluated on the basis of presence of every directors at a meeting, effective participation in discussion of each of the business of agenda for the meetings, feedback receives from every directors on draft of the minutes and follow up for action taken reports from first line management.
4. Effectiveness and performance of various committees are evaluated on the basis of the scope of work assign to each of the committees the action taken by the committees are reviews and evaluated on the basis of minutes and agenda papers for each of the committee meetings.
5. The performance of independent directors are evaluated on the basis of their participation at the meetings and post meeting follow up and communication from each of such independent directors.

DISCLOSURE AS PER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Company has Shri Ashok Sharma as Whole Time Director, Shri Srinivas Devidas Kamath as Joint Managing Director, Shri Yashpal Mehta as CFO and Shri Vinod Kumar Shah, FCS as Company Secretary. Total managerial remuneration paid to each of them during the current year and previous year are as under:

I. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Sr. No.	Name of director	Designation	Remuneration paid in current year	Remuneration paid in previous year	Total cost of remuneration of the employees	Percentage remuneration of director to total cost of remuneration
1	Shri Ashok Sharma	Whole Time Director	12,00,000	12,00,000	14,68,15,029	0.82%
2	Shri Kandodi Srinivas Kamat	Joint Managing Director	12,92,400	12,92,400	14,68,15,029	0.88%
3	Shri Yashpal Mehta	CFO	9,75,840	9,75,840	146815029	0.66%
4	Shri Vinod Kumar Shah	Company Secretary	10,20,000	10,20,000	146815029	0.69%

II. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

There was no increase in remuneration during the year 2014-2015.

III. The percentage increase in the median remuneration of employees in the financial year:

During the year the total remuneration of employees is ₹ 14,68,15,029 as against ₹ 20,10,00,891 in the previous year constituting a net decrease of ₹ 5,41,85,862 constituting 26.95%. This decrease in remuneration of employees was due to reduction in business activities.



- IV.** The number of permanent employees on the rolls of company:
There were 515 permanent employees on the rolls of company.
- V.** The explanation on the relationship between average increase in remuneration and company performance; NOT APPLICABLE
- VI.** Comparison of the remuneration of the Key managerial personnel against the performance of the company :
The KMP i.e. whole time Directors, Company Secretary CFO are being paid total Remuneration of ₹ 44.88 Lacs per annum.
- VII.** Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;
Closing Market Price of shares of Company as on 31/03/2014 : ₹ 4.00 /-
Closing Market Price of shares of Company as on 31/03/2015 : ₹ 5.40/-
Earning Per share for the financial year ended on 31/03/2014 : ₹ (64.95)/-
Earning per share for the financial year ended on 31/03/2015 : ₹ (47.87)/-
Regarding other information like Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies is not given herewith since Company had made IPO more than 5 Years before and there was no substantial variation in the market price of shares of the company. Company's EPS is negative and hence PE Ratio is not given.
- VIII.** Comparison of the each remuneration of the key managerial personnel against the performance of the company;
As the company is paying minimum managerial remuneration to its managerial personnel and the Company is the loss making one the comparison of remuneration of each of the KMP with performance of the company is not comparable.
Since WTDs are being paid minimum remuneration and other KMPs are getting remuneration as per prevailing industry norms, it is not possible to compare remuneration with the performance of the company.
- IX.** The key parameters for any variable component of remuneration availed by the directors; NOT APPLICABLE.
- X.** The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;
9 (Nine) employees is receiving remuneration in excess than the remuneration of Director or Key Managerial Personnel.
- XI.** Affirmation that the remuneration is as per the remuneration policy of the Company.
All remuneration of the Employees and directors are paid as per remuneration policy of the Company.

PARTICULARS OF THE EMPLOYEES

Particulars of the employees as required under provisions of Section 197 (12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, are not attached with this report since there was no employee who was in receipt of remuneration in excess of ₹5,00,000 per month during the year or ₹ 60 Lacs per annum in the aggregate if employed part of the year.

AUDITORS

Statutory Auditors

M/s. Talati & Talati, Chartered Accountants, an Auditors firm are statutory auditors of the company since 2008-09. As per Rule 6(3) of the Companies (Audit and Auditors) Rules 2014, they are eligible to continue as the statutory auditors of the company for financial years 2015-16, 2016-17, and 2017-18. Accordingly Statutory Auditors of the company have given their letter of consent and confirmation under section 141(1) the Companies Act 2013 for their appointment as Statutory Auditors of the Company up to the financial year 2017-18 hence, the Board has now proposed to appoint the Statutory Auditors for a period of up to 2017-18. Necessary Resolution for their appointment as the Statutory Auditors and fixing their remuneration is proposed to be passed at the Annual General Meeting.

Cost Auditors

M/s. Ashish Bhavsar & Associates, Cost Accountants have been appointed for auditing cost accounting records of the Company for the year ending 31st March, 2015. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under.

Internal Auditor

The Company has appointed an Independent firm of Chartered Accountants to act as an Internal Auditor as per suggestion of auditors and recommendation of the audit Committee in order to strengthen the internal control system for the Company.



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Secretarial Auditor

The Company has appointed M/s. KAMLESH SHAH & SHAH CO. as the secretarial auditor for the financial year 2014-15. They have given their report in the prescribed form MR-3 which is annexed to this report as an ANNEXURE.

Observations of the Secretarial Auditor

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors and Independent Directors except the woman director. The Company is in process of finding of suitable Woman Director.

EXPLANATION TO THE Auditors' REMARKS

The Directors submit their explanations to then various observations made by the Auditors in their report for the year 2014-15. Para nos. of Auditors' Report and reply are us under:

Basis for Qualified Opinion – Para 1

Since last many years the company does not have internal accruals from the operations and as a result, management do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. Fund of ₹ 18,31,84,363/- is blocked in the said ongoing projects. Since the capital project is not anticipate to complete in future, we have charged back expense of pre-operative expense, trial run expense and borrowing cost elements for ₹ 5,72,84,008/- to the statement of profit and loss during the current year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects. For the remaining balance carried as Capital Work in Progress, the company has not carried out any Techno-economic assessment during the year ended 31st March 2015 for the valuations of such Capital Projects and hence identification of impairment loss and provision thereof, if any, has not been made. Considering the emphasis of the matter, company agreed to appoint an approved valuer to access the impairment of the assets. We are expecting a report from the valuer and decision will be taken with regard to impairment, if any, on such assets.

Basis for Qualified Opinion – Para 2

Dues on account of maturity of Foreign Currency Convertible Bonds (FCCB) on 22.09.2011 have been frozen on maturity and accordingly exchange rate fluctuation has not been considered thereafter. Payment of FCCB shall be considered as per the scheme that may be considered by Hon'ble BIFR.

Annexure to the Independent Auditors' Report – Para vii a

Payments of Statutory dues were marginally delayed on account of slow recovery/collection. However, the same has been paid.

Annexure to the Independent Auditors' Report – Para ix

As per the scheme sanctioned by CDR (EG) consortium bankers were required to give working capital for the optimal utilization of production capacity. However, in the absence of non availability of funds from the lenders, the accruals were not in line with the sanctioned scheme and hence Company could not utilize optimally its production capacity. In view of this, Company was not able to make payments to banks/institutions and debenture holders as per the sanctioned scheme. However, before due date of repayment, Company had approached Hon'ble BIFR for declaring it as a Sick company under Section 3(1)(o) of the SICA and was declared so before the due date, i.e., June 2011. On account of sick company status, payments were not made as per CDR. Company has submitted the proposal for One Time Settlement (OTS) of debts to all the lenders and also revised the proposals based on discussions with high level committee meetings of the lenders. However, despite of the repeated attempts by the company or/and order of the Hon'ble BIFR, Lenders have declined revised proposal and most of the banks assigned the debts to various Asset Reconstruction Companies (ARCs). Your company is actively negotiating with these ARCs' for one time settlement of debts and expecting a settlement in the coming hears.

MATERIAL CHANGES / INFORMATION:

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial of the Company. However, in the year current financial year most of the lenders have assigned the debts to various Asset Reconstruction Companies (ARCs)
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

APPRECIATION

Your Directors place on record their sincere appreciation for the valuable support and co-operation as received from government authorities, Financial Institutions and Banks during the year. The Directors are also thankful for the support extended by Customers, Suppliers and contribution made by the employees at all level. The Directors would also like to acknowledge continued patronage extended by Company's shareholders in its entire endeavor.

For and on behalf of the Board

Date : 22nd May 2015
Place : Santej

Rajendra V. Shah
(DIN: 00020904)
Chairman



ANNEXURE-1 TO THE DIRECTORS' REPORT

Statement Pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with the RULE 8(3) of Companies (ACCOUNTS) Rules, 2014.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:-

Your company gives priority to Energy conservation. It regularly reviews measures to be taken for Energy Conservation/Consumption and its effective utilization.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-

Your Company is highly power intensive industry and power is the basic requirements of manufacturing process. In order to reduce the cost per unit for power consumption, the Company has installed 40 MW Captive Power Plant.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The company is operating 40 MW Captive Power Plant in parallel with GETCO Grid and with the consumption of own power, Company saves substantial amount from the same.

(d) Total energy consumption and energy consumption per unit of production:

(I) POWER & FUEL CONSUMPTION

		2014-15	2013-14
1	ELECTRICITY		
	(a) Purchased		
	Unit (Kwh)	7,91,11,283	10,02,12,352
	Total Amount (₹)	43,91,31,013	59,58,31,200
	Rate / Unit (₹)	5.50	5.95
	(b) Own Generation		
	(i) <i>Through Diesel Generator Unit (Kwh)</i>		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) <i>Through Steam Turbine / Generator Unit (Kwh)</i>		
	Unit Per Kg of Lignite	Nil	Nil
	Cost Lignite / Unit (₹)	Nil	Nil
	Cost Coal / Unit (₹)	Nil	Nil
	Cost Coal & Lignite / Unit (₹)	Nil	Nil
2	COAL (Including Coal Fines)	Nil	
	Quantity (MT)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
3	FURNACE OIL (used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
4	OTHERS - LIGNITE (used in the generation of steam)		
	Quantity (K Tonns)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil

(II) CONSUMPTION PER M.T. OF PRODUCTION

Particulars of Product	2014-15	2013-14
Electricity (in Unit)	1,445	1,395
Furnace Oil	NIL	NIL
Coal (Specify quantity)	NIL	NIL
Others	NIL	NIL

**SHAH ALLOYS LIMITED****B. TECHNOLOGY ABSORPTION**

Particulars	2014-15	2013-14
(I) Research and Development (R & D)		
1. Specific areas in which R&D carried out by the company.	NIL	NIL
2. Benefits derived as a result of the above R&D	NIL	NIL
3. Future plan of action:		
a) Capital		
b) Recurring		
c) Total		
d) Total R&D expenditure as a percentage of total turnover	NIL	NIL
(II) Technology absorption, adaptation:		
Company has not carried out research, development & innovation activities.		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL	NIL
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	NIL	NIL
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	NIL	NIL
a) Technology imported		
b) Year of import		
c) Has technology has been fully absorbed		
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NIL	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Crores)

Particulars	2014-15	2013-14
1) EARNINGS & OUTGO		
a) Earnings	4.61	4.87
b) outgo	1.64	20.86

2) TOTAL FOREIGN EXCHANGE USED AND EARNED

As per notes on account

For and on behalf of the BoardDate : 22nd May 2015
Place : Santej**Rajendra V. Shah**
(DIN: 00020904)
Chairman

**ANNEXURE – 2 TO THE DIRECTORS' REPORT**

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDING ON 31/03/2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1) REGISTRATION AND OTHER DETAILS:

SR. NO.	PARTICULARS	DETAILS
1	CIN	L27100GJ1990PLC014698
2	Registration date	23/11/1990
3	Name of the company	SHAH ALLOYS LIMITED
4	Category/ sub-category of the company	Company limited by shares/ Indian Non Government Company
5	Address of the registered office and contact details	5/1 Shreeji House, 5 TH Floor B/h M J Library Ashram Road Ahmedabad-380006 Gujarat
6	Whether listed company	YES
7	Name, address and contact details of registrar and transfer agent if any	BIGSHARE SERVICES PVT. LTD. E- 2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072 Phone: 022-28470652 Fax: 022-28475207 E-mail: info@bigshareonline.com Website: www.bigshareonline.com

2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	Ingots of iron & steel & other primary forms	24103	100%

3) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl No	Name & Address of the Company	CIN/GLN	CONCERN	% OF SHARES HELD BY COMPANY	APPLICABLE SECTION
1.	S.A.L. Steel Limited	L27100GJ1990PLC014698	ASSOCIATE	35.61%	2(6)



SHAH ALLOYS LIMITED

4) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year [As on 31-March-2014]				No of Shares held at the end of the year [As on 31-March-2015]				% Change during this year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) Indian									
a) Individual/ HUF	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
(2) Foreign									
a) NRI- Individual	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks. FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Totalshareholding of Promoter (A) =(A)(1)+(A)(2)	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1746624	0	1746624	8.82	1746624	0	1746624	8.82	0
g) FII's	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	1746624	0	1746624	8.82	1746624	0	1746624	8.82	0
2. Non-Institutions									
a) Bodies Corp.	2776799	0	2776799	14.03	2747098	800	2747898	13.88	0.15
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	3087228	493432	3580660	18.09	3025052	491632	3516684	17.76	0.33
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	819222	12000	831222	4.20	887935	12000	899935	4.55	0.35
c) Others (TRUSTS)	130989	2000	132989	0.67	200	0	200	0	0
Non Resident Indians	130087	2000	132087	0.05	146701	2000	148701	0.75	0.70
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	8252	0	8252	0.04	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	6813438	508232	7321670	36.98	7049350	506432	9998748	36.98	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	8560062	508232	9068294	45.81	7049350	506432	9998748	45.81	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	19289308	508232	19797540	100	19291108	506432	19797540	100	0


(ii) Shareholding of promoters

Name of promoter	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
RAJENDRABHAI V SHAH	7912404	39.97	7912404	7912404	39.97	7912404	NIL
RAJENDRABHAI V SHAH HUF	1531960	7.74	1531960	1531960	7.74	1531960	NIL
RAGINI R SHAH	1146006	5.79	1146006	1146006	5.79	1146006	NIL
PRAKASH V SHAH	47000	0.24	0	47000	0.24	0	NIL
KARAN R SHAH	40000	0.20	0	40000	0.20	0	NIL
JAYESH V SHAH	29936	0.15	0	29936	0.15	0	NIL
ASHVIN V SHAH	21940	0.11	0	21940	0.11	0	NIL
TOTAL	10729246	54.19	10590370	10729246	54.19	10590370	NIL

(iii) Change In Promoter's Shareholding (Please Specify, If There Is No Change)

Name of promoter	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
RAJENDRABHAI V SHAH	7912404	39.97	NO CHANGE	7912404	39.97
RAJENDRABHAI V SHAH HUF	1531960	7.74	NO CHANGE	1531960	7.74
RAGINI R SHAH	1146006	5.79	NO CHANGE	1146006	5.79
PRAKASH V SHAH	47000	0.24	NO CHANGE	47000	0.24
KARAN R SHAH	40000	0.20	NO CHANGE	40000	0.20
JAYESH V SHAH	29936	0.15	NO CHANGE	29936	0.15
ASHVIN V SHAH	21940	0.11	NO CHANGE	21940	0.11
TOTAL	10729246	54.19	NO CHANGE	10729246	54.19

5) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDER (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	ASHISH J BHAVSAR	55615	0.2809	55615	0.2809
2	SANJAY MAHENDRA SHAH	55521	0.2804	55521	0.2804
3	RAVI LALWANI	47961	0.2423	47961	0.2423
4	JAYESH VIJAYKUMAR SHAH	47091	0.2379	47091	0.2379
5	MAHESH MAFATLAL SHAH	31583	0.1595	31583	0.1595
6	KAMALABEN PANKAJBHAI KHANDHAR	29000	0.1465	29000	0.1465
7	RASHMIBEN PANKAJBHAI KHANDHAR	28500	0.1440	28500	0.1440
8	RAMNIWAS RAMJEEVAN KASAT	28000	0.1414	28000	0.1414
9	ARVINDKUMAR PUNAMCHAND SHAH	26000	0.1313	26000	0.1313
10	TRIMURTHY RAJU K	25650	0.1296	25650	0.1296
	TOTAL	374921	1.8938	374921	1.8938



SHAH ALLOYS LIMITED

6) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

No Director or Key Managerial personnel have any shareholding in the company.

7) INDEBTEDNESS

INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8890859157	488205000	-	9379064157
ii) Interest due but not paid	3165483725	235583323	-	3401067048
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	12056342882	723788323	-	12780131205
Change in Indebtedness during the financial year	-			
* Addition	691849053	-	-	691849053
* Reduction	2578875	-	-	2578875
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-			
i) Principal Amount	8888280282	488205000	-	9376485282
ii) Interest due but not paid	3857332778	235583323	-	4092916101
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	12745613060	723788323	-	13469401383

8) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	SALARY	SHRI ASHOK SHARMA	12,00,000
		SHRI K.S. KAMATH	12,92,400
2.	Stock Option	NIL	-
3.	Sweat Equity	NIL	-
4.	Commission- as % of profit- others, specify...	NIL	-
5.	Others, please specify	NIL	-
	Total (A)	NIL	-
	Ceiling as per the Act	30,00,000 As per section (ii) part (ii) of schedule V.	


b. Remuneration to other directors:

Particulars of remuneration	Name of Directors				Nominee Directors		Total Amount
	Shri Dilip Kumar Sinha	Shri G M Shaikh	Shri Tejpal S Shah	Shri Harshad M Shah	Shri Harbans Lal Rawal	Shri Tilak Raj Sahni	
Fee for attending board committee meetings	12,500	15,000	20,000	10,000	7,500	2,500	67,500
Commission	0	0	0	0	0	0	0
Others, please specify	0	0	0	0	0	0	0
Total (1)	12,500	15,000	20,000	10,000	7,500	2,500	67,500

9) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		CS Shri Vinod Kumar Shah	CFO/CEO Shri Yashpal Mehta	
1	Gross salary	10,20,000	9,75,840	19,95,840
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission	N.A.	N.A.	N.A.
	- as % of profit	N.A.	N.A.	N.A.
	others, specify...	N.A.	N.A.	N.A.
5	Others, please specify	N.A.	N.A.	N.A.
	Total	10,20,000	9,75,840	19,95,840

10) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (giveDetails)
A. COMPANY					
Penalty	No	No	No	No	No
Punishment	No	No	No	No	No
compounding	No	No	No	No	No
B. DIRECTORS					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No
C. Other Officers In Default					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No



**ANNEXURE – 3 TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT**

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and expectations. The Company will continue to focus its resources, strengths and strategies for enhancement of the long term shareholders' value while at the same time protecting the interest of other stakeholders.

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independence of the Board and to separate the board functions of governance and management

The Board currently comprises of Three Executive Directors and five Non-Executive Directors including the Chairman of the Board.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

BOARD PROCEDURE

The Board meets atleast once in a quarter to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the company.

The Minutes of the Board meetings are circulated in advance to all Directors and confirmed at subsequent Meeting. The Minutes of Audit Committee and other Committees of the Board are regularly placed before the Board.

During the financial year ended March 31st, 2015, 4 Board Meeting were held respectively on 28.05.2014, 13.8.2014, 12.11.2014 and 14.02.2015. The gap between two Board Meetings did not exceed four months.

The composition of the Board of Directors, the number of other Directorship and Committee positions held by the Director, of which the Director is a Member/Chairman, are as under:

Name of Director	Category	Numbers of Board Meetings.		No. of Directorships held	Committee Memberships held in other companies		Whether attended last AGM
		Held during the year	Attended during the Year		as member	as Chairman	
Shri Rajendra V.Shah	Promoter Non- Executive Chairman	4	3	1	Nil	Nil	Yes
Shri Kondadi S Kamath	Non Promoter Executive Director	4	4	Nil	Nil	Nil	Yes
Shri Ashok A Sharma	Non Promoter Wholetime Director	4	4	Nil	Nil	Nil	Yes
Shri G.M. Shaikh	Non – Executive & Independent	4	3	Nil	Nil	Nil	Yes
Shri Harshad M. Shah	Non-Executive & Independent	4	4	1	1	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	4	4	1	1	Nil	No
Shri Dilip Kumar Sinha	Non-Executive & Independent	4	4	1	Nil	Nil	No
Shri Tilak Raj Sahn	Nominee Director of UBI (upto 12.01.2015)	4	1	Nil	Nil	Nil	No
Shri Harbans Lal Rawal	Nominee Director of UBI (w.e.f. 13.01.2015)	4	3	Nil	Nil	Nil	No

**CODE OF CONDUCT**

The Company has already adopted a code of conduct for all employees of the company and Executive directors. The board has also approved a code of conduct for the non-executive directors of the company. All board members and senior management personnel (as per clause 49 of listing agreement) have affirmed compliance with the applicable code of conduct has been provided in the Annual Report. The directors and senior management of the company have made disclosures to the board confirming that there are no material financial and/ or commercial transactions between them and the company that could have potential conflict of interest with the company at large.

3. COMMITTEES OF THE BOARD**AUDIT COMMITTEE:**

The terms of reference of the Audit Committee are wide enough to cover matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 177 of the Companies Act, 2013 besides other terms as may be referred to by Board of Directors from time to time.

The Audit Committee comprises of three non-executive Directors and two of them are Independent Directors.

During the period under review, four Audit Committee meetings were held respectively on 28.05.2014, 13.8.2014, 12.11.2014 and 14.02.2015.

The composition of the Audit Committee and attendance at its meetings is given hereunder:

Name of Director	Position	No. of Meetings	Meetings attended
Shri G.M. Shaikh	Chairman	4	3
Shri Tejpal Shah	Member	4	4
Shri Rajendra V. Shah	Member	4	3

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three independent Non-executive directors viz. Shri G M Shaikh – Chairman, Shri Tejpal Shah and Shri Harshad M. Shah.

During the period under review, one Nomination And Remuneration Committee meetings were held respectively on 28.05.2014.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	1	1
Shri Tejpal Shah	Member	1	1
Shri Harshad M. Shah	Member	1	1

The remuneration committee has been constituted to recommend/review the remuneration package of the Managing/ Whole Time Directors based on performance and defined criteria.

DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2014-15*(Amount in ₹)*

Name of Director	Sitting Fees ₹	Salaries & Perquisites ₹	Commission ₹	Total ₹
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Kondadi S Kamath	Nil	12,92,400	Nil	12,92,400
Shri Ashok Sharma	Nil	12,00,000	Nil	12,00,000
Shri G. M Shaikh	15,000	Nil	Nil	15,000
Shri Harshad M. Shah	10,000	Nil	Nil	10,000
Shri Dilip Kumar Sinha	12,500	Nil	Nil	12,500
Shri Tejpal S. Shah	20,000	Nil	Nil	20,000
Shri Harbans Lal Rawal	7,500	Nil	Nil	7,500
Shri Tilak Raj Sahni	2,500	Nil	Nil	2,500

- The Company does not have scheme for grant of stock option to the directors.



SHAH ALLOYS LIMITED

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

Shri G M. Shaikh – Chairman, Shri Tejpal Shah and Shri Ashok Sharma are members of the Committee. The Committee is empowered to oversee the redressal of Investors' complaints and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

Name and designation of Compliance Officer:

Shri Vinod Kumar Shah, Company Secretary

No. of shareholders' complaints received during the year : Nil

No. of complaints not resolved to the satisfaction of shareholders : Nil

No. of pending Complaints : Nil

No. of complaints resolved during the year : Nil

4. GENERAL BODY MEETING

• *Date, Time and Venue of the last three Annual General Meetings:*

Year	Date	Time	Venue	No. of Special Resolution Passed
2011-12	September 24 th , 2012	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	0
2012-13	September 24 th , 2013	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	0
2013-14	September 24 th , 2014.	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	0

1. No extra-ordinary general meeting of the shareholders was held during the year.
2. Postal ballot: during the year under review, no resolution was put through by postal ballot.

DISCLOSURES

POLICIES:-

A. POLICY ON RELATED PARTY TRANSACTIONS

SCOPE AND PURPOSE OF THE POLICY

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Clause 49 of the Listing Agreement (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014), our Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Clause 49(VII)(C) of the Listing Agreement requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, our Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS

a) Identification of related parties:-

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Clause 49 of the Listing Agreement.

b) Identification of related party transactions:-

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Clause 49 of the Listing Agreement.

**DISCLOSURES**

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business along with the justification for entering into such transaction.

B. FAMILIARIZATION POLICY FOR INDEPENDENT DIRECTORS**PURPOSE AND OBJECTIVE OF THE POLICY**

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

FAMILIARIZATION AND CONTINUING EDUCATION PROCESS

- The Company through its Managing Director / Executive Director / Key Managerial Personnel conducts programmes/presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- Such programmes/presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.
- The programmes/presentations also familiarize the Independent Directors with their roles, rights and responsibilities.
- When a new Independent Director comes on the Board of the Company, a meeting is arranged with the Chairperson, Managing Director, Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company's business activities.
- New Independent Directors are provided with copy of latest Annual Report, the Company's Code of Conduct, the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, Schedule of upcoming Board and Committee meetings.
- The Company provides the Directors with the tours of company's facilities from time to time.
- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Tata Code of Conduct and obligations on disclosures, is issued for the acceptance of the Independent Directors.

C. RISK MANAGEMENT POLICY**LEGAL FRAMEWORK**

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

BACK GROUND AND IMPLEMENTATION

The Company is prone to inherent business risks. The objective of Risk Management Policy shall be identification, evaluation, monitoring and minimization of identifiable risks. This policy is in compliance with the amended Clause 49 of the Listing Agreement (W.e.F 1st October 2014) which requires the Company to lay down procedure for risk assessment and procedure for risk minimization. The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

COMMITTEE

The Company has not made Risk Management Committee but the Board of Directors & Audit Committee is looking after the Risk Management of the Company.

D. CORPORATE SOCIAL RESPONSIBILITY POLICY

India's new Companies Act, 2013 has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). As per Section 135 of the Companies Act, 2013, it provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more.

Since company is a loss making company, CSR Policy is not applicable. Company has not made Corporate Responsibility Committee.

**E. VIGIL MECHANISM POLICY****LEGAL FRAMEWORK**

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.

Effective October 1, 2014, Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct.

POLICY

In compliance of the above requirements, SHAH ALLOYS LIMITED, being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism.

The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

F. SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (POLICY WHERE MORE THAN 4 WOMEN WORKING) AND ELIMINATION OF CHILD LABOUR POLICY.**Objective:**

It is the endeavor of the Company, to ensure a safe, secure and congenial work environment where employees and workers will deliver their best without any inhibition, threat or fear. In pursuance of this objective, the Company has evolved a "Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Policy".

The approach adopted by the Company is to spread awareness about the causes and consequences of sexual harassment at workplace and thereby prevent any occurrences. In the event of such an occurrence, the Group would use this Policy to provide the framework for action.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Policy:

Sexual harassment in the work place has been defined as "unwelcome" sexually determined behavior (whether directly or by implication). It includes any or all of the following:

- Physical contact and advances
- A demand or request for sexual favors
- Sexually colored remarks
- Showing pornography
- Any other unwelcome physical, verbal or non-verbal conduct of a sexual nature.
- Sexual harassment will be deemed to have taken place if work is used as the excuse or occasion for repeated, personalized, offensive and unwelcome speech or gestures.

It is the duty of the Organization to prevent or deter acts of sexual harassment and if they take place, to provide procedure for resolution, encourage counseling, settlement or prosecution of acts of sexual harassment;

- Where the conduct of the employee would constitute an offence under the Indian Penal Code of any other law, the Shah Alloys Limited shall initiate legal action
- Where the conduct would in addition to an offence under law, constitute misconduct under the rules or regulations of the organization, Shah Alloys Limited shall initiate disciplinary action against him/her.

The concerns of or about employees can be reported without fear of reprisal or retaliation. Any allegations of sexual harassment will be investigated quickly and discreetly, and disciplinary action initiated as described in this policy. To the extent possible, the identity of the complainant, the victim, witnesses and the alleged harasser will be protected against unnecessary disclosure. All efforts will be made to ensure that proceedings remain confidential.

NON COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES:

The Company has complied with the requirements of the Stock Exchange/SEBI/any statutory authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by Stock Exchange or SEBI.

**5. CODE OF CONDUCT**

The Company has its Code of Conduct which is applicable to Board of Directors as well as designated senior management personnel. The Code is circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. An annual declaration of Whole Time Director, as to compliance of Code of Conduct has been provided in the Annual Report.

6. CERTIFICATE ON CORPORATE GOVERNANCE

As required under Clause 49 of Listing Agreement, Certificate is provided in the Annual Report.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This is given as a separate section in this Annual Report.

8. CERTIFICATION

As required by clause 49 of the Listing Agreement, certification on financial statements is provided in the Annual Report.

9. COMPLIANCE WITH CLAUSE 49

Company is fully committed to the compliance of applicable mandatory requirement of Clause 49 of the Listing Agreement as amended from time to time. The company submits quarterly Compliance Report to BSE & NSE in respect of compliance of Clause 49 of the Listing Agreement

10. SECRETARIAL AUDIT

- a. Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates have been issued, on a half-yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by the Company.
- b. A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

11. MEANS OF COMMUNICATION

- a. All financial results are immediately sent to stock exchanges after being taken on record by the Board.
- b. As per the requirements of Listing Agreement, Results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- c. The Company's website www.shahalloys.com contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

12. GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L29199GJ2003PLC043148.

a) Annual General Meeting.

Date : 24th September, 2015

Time : 05:00 P.M.

Venue : SAL Institute & Engineering Research, Opp. Science City, Ahmedabad: 380 060.

b) Financial Year

For accounting and financial reporting purpose, Company follows Financial Year which starts from 1st April each year and ends on 31st March of every succeeding year.

The Quarterly Results for the financial year 2015-16 will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30th June 2015 : By 14th August 2015

Quarter ending 30th September 2015 : By 14th November 2015

Quarter ending 31st December 2015 : By 14th February 2016

Quarter ending 31st March 2016 : By 14th May 2016

c) Date of Book Closure / Record Date : 16-09-2015 to 24-09-2015 (Both days inclusive)

d) Dividend Payment Date : Not Applicable



SHAH ALLOYS LIMITED

- e) **Listing on Stock Exchange** : **Bombay Stock Exchange Ltd.(BSE)**
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001
Scrip Code: 513436
- : **National Stock Exchange of India Ltd (NSE)**
“Exchange Plaza”, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
NSE SYMBOL: SHAHALLOYS
- Demat ISIN No. for NSDL and CDSL** : INE640C01011

f) **Listing Fees to Stock Exchanges**

Company has paid listing fees in respect of financial year 2015-2016 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

g) **Custodial Fees to Depositories**

Company has paid Custodian Fees for the financial year 2015-16 to both depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

h) **Share Price Data**

(₹ per share)

Month	SSL Price at BSE		SSL Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 14	4.87	3.80	4.25	3.40
May' 14	7.06	4.75	7.10	4.10
June' 14	14.30	6.85	14.50	6.85
July' 14	13.45	9.00	14.10	9.50
Aug' 14	9.97	8.64	10.50	9.05
Sept' 14	9.44	6.78	9.70	6.50
Oct' 14	7.44	5.95	6.80	5.80
Nov' 14	7.74	6.47	7.40	6.00
Dec' 14	7.60	6.26	7.35	5.80
Jan' 15	7.29	4.75	7.05	4.75
Feb' 15	5.99	4.52	5.55	4.50
Mar' 15	5.93	4.14	5.55	4.20

i) **Shareholding pattern as on 31st March, 2015**

Particulars	No. of Shares	% holding
Promoters	10729246	54.19
Clearing Members	8252	0.04
Indian Public	4416619	22.31
Domestic Companies	2747898	13.88
Nationalized Bank/ Insurance Company	1746624	8.82
NRI	146701	0.75
Total	19797540	100.00

**j) Distribution of shareholding as on 31st March, 2015**

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 5000	1247708	6.3023	6843	82.0996
5001 - 10000	619331	3.1283	752	9.0222
10001 - 20000	553161	2.7941	357	4.2831
20001 - 30000	329980	1.6668	130	1.5597
30001 - 40000	243887	1.2319	68	0.8158
40001 - 50000	197365	0.9969	42	0.5039
50001 - 100000	553858	2.7976	76	0.9118
100001 & ABOVE	16052250	81.0820	67	0.8038
Total	19797540	100.00%	8335	100.00%

k) Dematerialization of Shares and Liquidity

On March 31st 2015, nearly 97.44% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized. Also, the aggregate dematerialized shareholding of the Company stood at 97.44% of the total no. of shares.

l) Share Transfer System

All transfers of shares held in physical form are dealt by our Registrar and Share Transfer Agents. Presently the share transfers received in physical form are processed and registered within prescribed time periods (15) days from the date of receipt subject to the documents being valid and complete in all respects. Depositories control share transfers in Demat Mode. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance in respect of compliance with share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the stock exchanges.

m) Reconciliation of Share Capital Audit Report

As stipulated by Securities and Exchange Board of India, Company is required to carry out Reconciliation of Share Capital Audit (RSCA) from a practicing Company Secretary. This audit is carried out every quarter and the report thereon of Practicing Company Secretary is submitted to the stock exchanges. The audit, inter alia, confirms that the total listed and paid-up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

n) Plant Location:

The Company's plant is located at:

2221/2222, Shah Industrial Estate, Sola-Kalol Road, Santej, Ta. Kalol, Dist. Gandhinagar - 382721

o) Registered & Administrative Offices:**Registered Office**

5/1, Shreeji House,
Behind M. J. Library, Ashram Road
Ahmedabad - 380006, Gujarat

Administrative Office:

Corporate House,
Sola-Kalol Road, Village Santej,
Dist: Gandhinagar, Gujarat - 382721

p) Address for Investor Correspondence:

In case any problem or query shareholders can contact at:

Name : Company Secretary and Compliance officer

Address : Shah Alloys Corporate House, Sola-Kalol Road, Santej, Dist. Gandhinagar, Gujarat 382 721

Phone : 91-02764-661100/11

Fax : 91-02764-661110

Email : info@shahalloys.com



SHAH ALLOYS LIMITED

Shareholders may also contact Company's Registrar & Share Transfer Agent at:

Name : Bigshare Services Private Limited
Address : Plot no.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad, - 500 081.
Phone : 91-040-44655000
Fax : 91-040-23420859
Email : info@bigshareonline.com
Website : www.bigshare.com

Annexure to Corporate Governance Report

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

We, Ashok Sharma, Whole Time Director & Yashpal Mehta, Vice President & CFO of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Clause-49 (IIE) of the Listing Agreement entered into with Stock Exchange. The Board has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company. All Board members and senior management personnel have affirmed their compliance with the code of conduct for the current year.

As required by Clause 49 of the Listing Agreement, Certificate of Compliance with the Corporate Governance Requirements by the Company issued by Auditors is given as an annexure to the Directors' Report.

We further confirm that during the year, none of the Directors or any of the Key managerial persons had done any trading in shares of the Company in the secondary market. Further the company had not made any allotment of shares to any Directors or any of the key managerial personnel during the year.

The above Report was adopted by the Board at their meeting held on 22nd May 2015.

For, Shah Alloys Limited

Ashok Sharma
Whole time
Director
(DIN 00038360)

Yashpal Mehta
Vice President &
Chief Financial Officer
(PAN AFYPM9788C)

Place : Santej
Date : 22.05.2015

CERTIFICATE ON CORPORATE GOVERNANCE

To
Members
SHAH ALLOYS LIMITED

We have examined the compliance of the conditions of Corporate Governance by SHAH ALLOYS LIMITED for the year ended 31st March, 2015 as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement except to the extent that Woman Director is yet to be appointed.

We state that in respect of investor grievances received during the year ended 31st March, 2015 no investor grievances are pending against the company for the period exceeding one month, as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR, K.K PATEL AND ASSOCIATES
Company Secretaries

Place : Gandhinagar
Date : 22.05.2015

SD/-
Kiran Kumar Patel
Proprietor
CP No. 6352

**CERTIFICATION**

(Pursuant to Clause 49 IX of Listing Agreement)

To
The Board of Directors
We hereby certify that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended **31st March 2015** and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee –
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For, Shah Alloys Limited

Ashok Sharma
Whole time
Director
(DIN 00038360)

Yashpal Mehta
Vice President &
Chief Financial Officer
(PAN AFYPM9788C)

Place : Santej
Date : 22.05.2015

**ANNEXURE 4 TO DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY STRUCTURE AND DEVELOPMENTS**

India is expected to become the world's second largest producer of crude steel in 2015-16, moving up from the fourth position, as its capacity is projected to increase from 100 million tonne (MT) to about 112.5 MT in 2015-16. "All indicators suggest that India will soon move up to the second position both in production and consumption,"

With infrastructure development and automotive industry driving steel demand, production of steel is expected to hit 140 MT by the end of 2016, while consumption is expected to grow 6.8% to reach 104MT by 2017. After a period of 5 years, since the break out of the global financial crisis and with significant liquidity injection by several large economies, the macro data from the developed economies started showing trends of slow improvement from 2013 but this pace was very slow as compare to the anticipated projections, it was basically due to gut in the construction, capital goods and automobiles sector world across. Worldwide recession /political polarization etc had a savior impact on the Indian iron ore mining industry also which was already experiencing a difficult phase.

India is currently the 4th largest producer of crude steel in the world and is poised to become the 2nd largest producer of crude steel in the world by 2015-16. The Iron and Steel Industry in India contributes around 2 per cent of the Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IIP) is 6.2 per cent. India is also a leading producer of sponge iron a major supplement of fluctuating scrap market with a host of coal based units, located in the mineral-rich states of the country. Per capita consumption of steel in India is at just 59 kgs as against an average of 216 kgs of the world which shows the potential of the domestic market itself.

COMPANY'S PERFORMANCE AND HIGHLIGHTS

Financial Year 2013-14 was an year of overall turmoil & its impact was also been experienced in 2014-15 with subdued economic growth, as a result of higher inflation, higher interest rates, lower industrial growth and lower investments in the country, along with the poor condition of the global economy. Your company has also been affected.

Due to the status of sick undertaking, working of the company has been adversely affected. Performance of the company has been affected due to financial crunch, reduction in selling price, reduction in demand - domestically and globally, due to dumping of material by China in Global market which further shrunk the margins of the company. Due to paucity of working capital, company's working is declining. Company could make optimum use of power under Open Access. As Company is not in position to optimize its full working capacity, Company had reduced its contract demand with Electricity Distribution company and tried to control over fixed expenses.

SWOT ANALYSIS***Strength***

- Good Industry experience & knowledge of Promoters.
- Limited players in speciality steel manufacturing domain.
- Established manufacturing infrastructure.
- Backward integration support.
- Diverse Supplier base.
- Long standing contracts for purchase of raw material

Weaknesses

- Heavy debt burden.
- High power cost.
- Dependency on third party for raw material.

Opportunities

- Unexplored Markets.
- Demand visibility is firming up for domestic as well as global market
- Per capital consumption of stainless steel in the country is increasing and application of Stainless Steel is expanding.

Threats

- Rising raw material, fuel and power prices.
- High Cost of Capital.
- Long tenure of rehabilitation.
- Unforeseen general macro-economic factors and political turmoil.
- Global economic slowdown.

**RISKS AND CONCERNS**

Some of the major risks and concerns identified by the Company are:

- Working Capital risks
- Government Policy and Political Structure risk
- Competition risk
- Debtor risk
- Exchange Rate fluctuation risk
- Geographic Concentration risk

The Company is taking appropriate steps to guard against these identified risks.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control procedures commensurate with its size and nature of its business. The objectives of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial statements and due compliance of statutes and Company's policies and procedures.

FUTURE OUTLOOK

During the Financial Year 2014-15, a positive trend of financial stability was witnessed by the advanced economies; growth rate remain subdued in emerging and developing economies. The lower growth trajectory in China indirectly influences the commodity markets, including steel and its raw materials. The economic outlook in Europe is strengthening and the US economy shows strong signs of a better performance is moving forward.

Indian economy shows comparatively a positive trained in the years to come. With a stable government at the centre, significant policy changes the government focus on infrastructure development; more foreign direct investment and more transparency in governance were the major fetchers for significant increase in the overall business confidence in the country. At a global level, supply continues to be more than demand, as capacity additions continued, primarily in the emerging economies. The trend is led by China and India. However, dependence on imported coking coal, low production efficiency, inadequate infrastructure & technology and delays in regulatory clearances & approvals are major hindrance to growth of Indian steel industry.

The global steel sector remains under pressure the overhang of excess capacity continues to put pressure on the global steel sector, particularly in light of uneven economic growth and weak steel demand. Indian steel sector is witnessing role reversal as several rapid-growth markets have not performed up to expectations in creating demand.

Until recently, the Indian steel sector has been relatively insular, but it now seems to be increasingly affected by developments in global steel and raw material markets in its quest to play a growing role in the international arena, given the significant growth of its economy and increasing integration with global economies. The following global factors will influence the extent of domestic growth till 2025 and the shape and trajectory the steel industry will take in India over a mid- to long-term period:

A sizeable surplus of steel scrap in China by 2025. China currently plays a critical role in absorbing excess supply of scrap from other parts of the world. However, due to initiatives to accelerate its own scrap industry, China, which is currently a net importer of scrap, is expected to have a surplus of 72mt of scrap by 2025. This will decrease demand and push down the prices of other raw materials, such as coking coal and iron ore. While stand-alone Indian steelmakers, who do not have captive access to such inputs, will benefit from the availability of cheap raw material, the real effects of this are unlikely to be felt before the middle of the next decade and overall steel prices are likely to remain under pressure.

Prima facie, low iron prices are good for steelmakers but they may not be as beneficial in the Indian context. Indian steel producers enjoyed the advantage of low-priced domestic ore to earn healthy margins, in comparison with their global peers. Despite some current issues regarding availability of iron ore, it seems likely that India will have sufficient iron ore to meet its domestic requirement until 2025. Availability of iron ore at lower prices for global players will narrow the relative advantage of Indian players in the global market. Most of the domestic players were severely affected due to international pressure on one side & on other side they were experiencing the stiff competitions from the Chinas producers.

At Shah alloys Limited we are striving hard to remain in the race & work hard to survive through this turmoil phase; one how could successfully pass through thin phase, as the Darwin's theory interprets that it's a Natural phenomenon in every walks of life one who successfully passes through this natural selection process, progression in the conducive environment will be quite easy. With the changing political environment across the globes thing are now getting settled. Indian industry has also pass through this critical phase & now poised to accept the newer challenges. With the new Leadership & long term vision of our beloved Hon. Prime Minister Shri Narendra Modi; Indian Inductors are committed to be among world leaders & attend our top position.

CAUTIONARY NOTE

Statements in Management Discussion and Analysis Report describing the Company's expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence Company's operations include global and domestic supply & demand conditions affecting selling prices of finished goods, input availability and prices, changes in the government regulations, tax laws, economic development within the country and other factors such as litigations and industrial relations.



**ANNEXURE – 5 TO DIRECTORS' REPORT
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members,
SHAH ALLOYS LIMITED
CIN: L27100GJ1990PLC014698

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHAH ALLOYS LIMITED**. (Hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the records of **SHAH ALLOYS LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and record maintained by **SHAH ALLOYS LIMITED** (CIN:L27100GJ1990PLC014698) for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') :-
 - (a) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations,1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India(Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India(Delisting of Equity Shares) Regulations, 2009 and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) As stated in the **Annexure – A** – all the laws, rules, regulations be applicable specifically to the company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable w.e.f 1st day of July 2015 and not mandatory right now is also complied.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors and Independent Directors *except*

**I. The woman director is yet to be appointed as per requirement of Section 149.**

The changes in the composition of the Board of Directors that took place during the period under review and necessary forms have been filed with Regulators.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has not make any

- (I) Public/ Right/Preferential issue of shares/ debentures/sweat equity, etc.
- (II) Redemption/ buy-back of securities
- (III) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (IV) Merger/ amalgamation/reconstruction etc.
- (V) Foreign technical collaborations

**FOR KAMLESH M. SHAH & CO.,
PRACTICING COMPANY SECRETARIES**

**Place : Ahmedabad
Date : 22nd May 2015**

**(Kamlesh M. Shah)
ACS: 8356, COP: 2072.**

ANNEXURE-A*Securities Laws*

1. All Price Sensitive Information was informed to the stock exchanges from time to time
2. All investors complains directly received by the company are recorded on the same date of receipts.

Labour Laws

1. All the premises and establishments have been registered with the appropriate authorities.
2. The Company has not employed any child labour/ Bonded labour in any of its establishments.
3. The company is ensuring the compliances of PF/ESI and other social security measures to the contract employees. One of the responsible officers of the company carries out the survey regarding the compliance of this.

Environmental Laws

1. The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises(is applicable).
2. The company has been disposing the hazardous waste as per applicable rules.

**FOR KAMLESH M. SHAH & CO.,
PRACTICING COMPANY SECRETARIES**

**Place : Ahmedabad
Date : 22nd May 2015**

**(Kamlesh M. Shah)
ACS: 8356, COP: 2072.**



**To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD**

Report on the Financial Statements

We have audited the accompanying financial statements of Shah Alloys Limited ('the Company'), which comprise the Balance sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis for Qualified Opinion

- As informed to us, Management is of the view that they do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. However, due and adequate provision / write off / impairment which should have been made in the books of accounts has not been made. Out of the total book value of Capital work in progress of ₹ 18,31,84,363/-, the management has charged back only expense of pre-operative expense, trial run expense and borrowing cost element for ₹ 5,72,84,008/- to the statement of profit and loss during the current year which was earlier capitalized. For the remaining balance of the book value of Capital work in progress, the company has not carried out any Techno-economic assessment during the year ended 31 March 2015 for the valuations of its ongoing Capital Project and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with notified Accounting Standard 28 on "Impairment of asset" which states that impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount. The consequential impact of adjustment, if any, on the financial results due to non-provision / write off / impairment is currently not ascertainable and therefore we are unable to comment on its consequential financial impact, if any, on the financial results.*
- The Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2015, which constitutes a departure from the Accounting Standard - 11, "The Effects of Changes in Foreign Exchange Rates", which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2015. The Company's record indicate that had management done the provision, the Exchange loss for the financial year 2014-15 would have been more by ₹ 3,69,30,321/-. Accordingly, loss for the current financial year 2014-15 has been under-stated by ₹ 3,69,30,321/- and reserves and surplus has been overstated by ₹ 20,41,51,583/-.*

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) In case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015,
- 2) In case of the Statement of profit and loss, of the loss for the year ended on that date
- 3) In case of the Cash flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the Financial Statements:

- 1) Note No 38A to the financial statements regarding the Company having accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred a net loss/net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note 36 to the financial statements.
- 2) Note No 34 to the financial statements, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance sheet, the Statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The going concern matter as described in sub-paragraph (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21 to the financial statements;
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Talati & Talati
Chartered Accountants
(Firm Reg. No. : 110758W)

Place : Ahmedabad
Date : May 22, 2015

Umesh Talati
Partner
Membership No: 034834

**Annexure to Independent Auditors' Report**

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.)

- i) In respect of its Fixed Assets:
- The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
 - As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
- ii) In respect of its inventories:
- As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable.
 - In our opinion and according to the information and explanations given to us, the procedures of 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.
 - In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on Physical Verification of Inventories as compared with the book records.
- iii) In respect of Loans, Secured or Unsecured granted by the company to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013:
- According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) of paragraph 3 of the Companies Auditor's Report Order 2015 are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2015 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the cost records maintained by the Company as specified Central Government under sub Section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of the Statutory dues:
- According to the records of the company, undisputed Statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been generally regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2015 for a period of more than six months from the date of becoming payable.*



- b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues of ₹ 7,64,25,452/- have not been deposited as on 31st March, 2015 on account of matters pending before the appropriate authorities. The details of which are as under :

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where the dispute is pending	Amount involved (in ₹)
1	Income Tax Act, 1961	Income Tax	1997-98	Gujarat High court	1,30,000/-
2	Sales Tax Act	Sales Tax	1995-96	Deputy commissioner of Sales Tax (Tribunal) Ahmedabad	6,99,000/-
3	Gujarat Value Added Tax Act, 2003	Value Added Tax	2006-07	Deputy Commissioner, VAT Ahmedabad	3,81,27,791/-
4	Central Excise Act, 1944	Excise Duty and Service Tax	1997-98, 1998-99 and 2004-05 to 2013-14	Central Excise & Service tax Appellate Tribunal / Joint / Deputy Commissioner of Central Excise/ Additional Commissioner of Central Excise	3,74,68,661/-

- viii) On the basis of information and explanations given to us and on the basis of records produced before us, the company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses amounting to Rs 108,89,32,013/- during the current year. The company has incurred cash losses amounting to Rs 156,64,00,658/- in the immediately preceding financial year.
- ix) *Consequent upon the sanction of the restructuring package given under CDR mechanism by banks & financial institution, the company was required to start repaying the loans sanctioned by banks/institutions and debenture holders from June 2011 onwards, however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL and Non-convertible Debentures are as under:*

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Term Loan	2011-12	17,37,96,292	1095-1370 days
	2012-13	19,60,41,787	730-1005 days
	2013-14	19,60,41,790	365-640 days
	2014-15	20,90,51,014	1-270 days
Working Capital Term Loan From Bank	2011-12	18,64,03,089	1095-1370 days
	2012-13	22,36,83,707	730-1005 days
	2013-14	22,36,83,707	365-640 days
	2014-15	22,36,83,707	1-270 days
Non-Convertible Debenture	2011-12	10,41,66,667	1095-1370 days
	2012-13	12,50,00,000	730-1005 days
	2013-14	12,50,00,000	365-640 days
	2014-15	12,50,00,000	1-270 days

As per the CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non-convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards, the interest on Term Loan, Working capital term loan (WCTL) and Non-convertible debentures (NCD) has to be serviced as and when due.



SHAH ALLOYS LIMITED

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non-convertible debentures (NCD). The Amount and the period of default are as listed under:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on Term Loan	2011-12	12,04,69,127	1095-1431 days
	2012-13	15,73,65,814	730-1066 days
	2013-14	13,33,73,691	365-700 days
	2014-15	9,47,04,719	1-335 days
Interest on Working Capital Term Loan	2011-12	14,95,31,027	1095-1431 days
	2012-13	17,89,46,966	730-1066 days
	2013-14	17,89,46,953	365-700 days
	2014-15	13,53,05,256	1-335 days
Interest on Non-Convertible Debenture	2011-12	8,18,90,411	1095-1431 days
	2012-13	9,80,00,000	730-1066 days
	2013-14	9,80,00,000	365-700 days
	2014-15	8,90,00,000	1-335 days

As per the terms of the CDR, Principal and Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of Principal and interest on FITL. The amount and the period of default are as mentioned below:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Funded Interest Term Loan (FITL)	2013-14	13,37,23,870	365-455 days
	2014-15	26,74,47,740	1-270 days
Interest on Funded Interest Term Loan (FITL)	2010-11	4,31,63,185	1461-1704 days
	2011-12	7,98,16,025	1096-1339 days
	2012-13	8,25,18,348	730-1066 days
	2013-14	7,71,66,458	365-700 days
	2014-15	6,13,23,453	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on working capital facilities	2010-11	22,69,93,827	1461-1734 days
	2011-12	37,17,47,750	1096-1369 days
	2012-13	39,44,65,648	730-1066 days
	2013-14	44,18,08,307	365-700 days
	2014-15	31,15,15,625	1-335 days

Moreover, the Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due on 22nd September, 2011. On full conversion of FCCB, the FCCB will be converted into 26,41,143 Equity shares of Rs 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till 22nd September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of the Companies Act, 2013.

However, the company has defaulted in repayment of the foreign currency convertible bond (FCCB) dues on its maturity. The default is subsisting since 1286 days

- x) In our opinion, the terms & conditions on which the company has given guarantee for loans taken by others from Banks or financial institutions are not prejudicial to the interest of the company.
- xi) According to the information & explanations given to us, the Company has not raised any term loan during the year under audit.
- xii) In our opinion and according to the information and explanations given to us and based on management representation, no material fraud on or by the company has been noticed or reported during the financial year covered by the audit.

For Talati & Talati
Chartered Accountants
(Firm Reg. No. : 110758W)

Umesh Talati
Partner

Membership No: 034834

Place : Ahmedabad
Date : May 22, 2015


Balance Sheet as at March 31, 2015

(Amount in ₹)

	Note No	As At 31st March 2015	As At 31st March 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
(a) Share Capital	3	19 79 75 400	19 79 75 400
(b) Reserves and Surplus	4	(7 29 25 97 277)	(5 93 01 19 031)
		(7 09 46 21 877)	(5 73 21 43 631)
(2) Non-Current Liabilities:			
(a) Long Term Borrowings	5	2 54 36 56 199	3 40 03 29 426
(b) Other Long Term Liabilities	6	9 64 59 199	11 56 49 000
(c) Long Term Provisions	7	1 30 34 378	1 21 75 337
		2 65 31 49 776	3 52 81 53 763
(3) Current Liabilities:			
(a) Short Term Borrowings	8	3 16 98 00 268	3 17 23 79 144
(b) Trade Payables	9	59 97 71 718	1 18 50 92 636
(c) Other Current Liabilities	10	8 06 79 14 684	6 62 52 60 144
(d) Short Term Provisions	11	4 14 16 745	3 95 12 284
		11 87 89 03 415	11 02 22 44 208
TOTAL		7 43 74 31 314	8 81 82 54 340
II. ASSETS			
(1) Non-Current Assets:			
(a) Fixed Assets	12		
(i) Tangible Assets		1 75 10 49 450	2 15 58 04 024
(ii) Capital work-in-progress		12 59 00 355	18 31 84 363
(b) Non-Current Investments	13	5 29 49 731	39 94 96 276
(c) Long Term Loans and Advances	14	2 26 71 928	10 24 99 175
(d) Deferred Tax Assets (Net)	15	4 12 91 30 129	3 63 73 42 447
		6 08 17 01 593	6 47 83 26 285
(2) Current Assets:			
(a) Inventories	16	81 77 30 349	1 05 50 85 690
(b) Trade Receivables	17	15 18 36 254	31 07 81 266
(c) Cash and Bank Balances	18	1 00 04 440	63 74 866
(d) Short Term Loans and Advances	19	37 60 49 012	96 74 50 046
(e) Other Current Assets	20	1 09 666	2 36 187
		1 35 57 29 721	2 33 99 28 055
TOTAL		7 43 74 31 314	8 81 82 54 340

The accompanying notes are an integral part of these financial statements.

1 to 41

As per our Report of even date
For Talati & Talati

 Chartered Accountants
FRNo: 110758W

Umesh Talati

 Partner
M.No. 034834

 Place : Ahmedabad
Date : May 22, 2015

**For and on behalf of the Board
Shah Alloys Limited**

Rajendra V. Shah	Chairman
K.S. Kamath	Jt. Managing Director
Ashok Sharma	Whole Time Director
Yashpal Mehta	V.P. & CFO
Vinod Kumar Shah	Company Secretary

 Place : Santej
Date : May 22, 2015


Statement of Profit and Loss for the Year ended 31st March 2015

(Amount in ₹)

	Note No	Year ended on 31 st March 2015	Year ended on 31 st March 2014
I. Revenue from operations	22	2 92 70 16 704	4 68 59 20 483
Less: Excise duty		(31 32 89 253)	(49 46 48 035)
		2 61 37 27 451	4 19 12 72 448
II. Other income	23	13 70 80 652	4 16 18 758
III. Total revenue (I + II)		2 75 08 08 103	4 23 28 91 206
IV EXPENDITURE :			
Cost of materials consumed	24	1 82 40 36 232	2 99 86 31 227
Changes in inventories of finished goods & work-in-progress.	25	8 74 58 923	20 61 21 243
Employee benefits expense	26	15 39 47 799	20 96 41 403
Finance costs	27	69 46 56 972	93 16 37 291
Depreciation and Amortization Expense		39 38 50 361	29 92 67 373
Other Expenses	28	1 03 66 05 895	1 45 32 60 700
Total Expenses		4 19 05 56 182	6 09 85 59 237
V Profit / (Loss) before extraordinary items and tax (III-IV)		(1 43 97 48 079)	(1 86 56 68 031)
VI Extraordinary Item. (Rerefer Note No 38 & 39)		40 38 30 553	0
VII Profit / (Loss) before tax (V-VI)		(1 84 35 78 632)	(1 86 56 68 031)
VIII Tax expense:			
Deferred tax		(49 17 87 682)	(57 97 79 449)
IX Profit / (Loss) for the period (VII-VIII)		(1 35 17 90 950)	(1 28 58 88 582)
X Earnings per equity share of face value of ₹ 10 each	29		
Basic & Diluted before Extraordinary Items		(47.87)	(64.95)
Basic & Diluted after Extraordinary Items		(68.28)	(64.95)
The accompanying notes are an integral part of these financial statements.	1 to 41		

As per our Report of even date
For Talati & Talati

 Chartered Accountants
 FRNo: 110758W

Umesh Talati

 Partner
 M.No. 034834

Place : Ahmedabad

Date : May 22, 2015

**For and on behalf of the Board
 Shah Alloys Limited**
Rajendra V. Shah Chairman

K.S. Kamath Jt. Managing Director

Ashok Sharma Whole Time Director

Yashpal Mehta V.P. & CFO

Vinod Kumar Shah Company Secretary

Place : Santej

Date : May 22, 2015


Cash Flow Statement for the year ended 31st March 2015

(Pursuant to the listing Agreement with Stock Exchange)

(Amount in ₹)

Particulars	2014-15		2013-14	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit (Loss) before Tax		(1 84 35 78 632)		(1 86 56 68 031)
Adjustments for :				
Depreciation	39 38 50 361		29 92 67 373	
Unrealised Foreign (Gain) / Loss	(6 90 318)		(24 70 796)	
Loss on Sale of Assets	4 917		0	
Interest expenses	69 46 56 972		93 47 40 462	
Interest Income	(10 72 965)		(29 55 575)	
		1 08 67 48 967		1 22 85 81 464
		(75 68 29 665)		(63 70 86 567)
Operating Profit Before Working Capital Changes				
Adjustments for :				
Trade and other receivables	9 06 78 073		42 78 64 719	
Inventories	23 73 55 341		19 28 93 856	
Trade Payable and others	4 86 14 214		3 59 82 284	
		37 66 47 628		65 67 40 859
Cash Generated From Operations		(38 01 82 037)		1 96 54 292
Direct Taxes Paid		0	0	
Net Cash from Operating Activities before Extra Ordinary Items		(38 01 82 037)		1 96 54 292
Extra-ordinary Items				
Write off of Preliminary expence and Borrowing cost from Capital work-in-progress		5 72 84 008		0
Provision for diminution in value of long term investments		34 65 46 545		0
		40 38 30 553		0
Net Cash from Operating Activities after Extra Ordinary Items(A)		2 36 48 516		1 96 54 292
B CASH FLOW FROM INVESTING ACTIVITIES:				
Recovery of Loan Given	73 96 21 741		0	
Sale of Fixed Assets	2 12 000		0	
Sales of Investment	0		10 000	
Interest Income	10 72 965		29 55 575	
		74 09 06 706		29 65 575
Net Cash from Investing Activities(B)		74 09 06 706		29 65 575
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long term Borrowings (Net of repayments)	(6 36 89 801)		92 18 56 231	
Proceeds from Bank/ FIS borrowings for Working Capital.	(25 78 875)		(1 18 18 750)	
Interest Paid	(69 46 56 972)	(76 09 25 648)	(93 47 40 462)	(2 47 02 981)
Net Cash from Financing Activities(C)		(76 09 25 648)		(2 47 02 981)
Net Increase in Cash and Equivalent.(A+B+C)		36 29 574		(20 83 114)
Cash And Cash Equivalents as at the Beginning of the year		63 74 866		84 57 980
Cash And Cash Equivalents as at the Close of the year		1 00 04 440		63 74 866

**SHAH ALLOYS LIMITED****Cash Flow Statement for the year ended 31st March 2015 [Contd...]****(Amount in ₹)**

Particulars	2014-15	2013-14
Note:		
Cash & Bank balances:		
a) Balance with Banks :		
- In Current accounts	59 75 518	10 13 395
b) Cash on hand	8 04 223	9 68 471
d) Other bank balances:		
- In Margin Money	32 24 699	43 93 000
Total	1 00 04 440	63 74 866
As per our Report of even date	For and on behalf of the Board Shah Alloys Limited	
For Talati & Talati Chartered Accountants FRNo: 110758W	Rajendra V. Shah Chairman	
Umesh Talati Partner M.No. 034834	K.S. Kamath Jt. Managing Director	
Place : Ahmedabad	Ashok Sharma Whole Time Director	
Date : May 22, 2015	Yashpal Mehta V.P. & CFO	
	Vinod Kumar Shah Company Secretary	
	Place : Santej	
	Date : May 22, 2015	

**Notes to financial statement for the year ended 31st March 2015****1 1.1 CORPORATE INFORMATION :**

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel and Armour Steel in Flat and Long products. It is one of the key suppliers to many renowned companies in India and overseas. It exports various products to more than 50 countries around the world. Company has been successful in developing protection Armour Steel which is mainly required for defense purpose. Company has been registered with Defense Research and Development Organization as approved vendor and it is expected that good business will be available to the company. To reduce the cost of power, company has been making efforts to purchase power through Open Access which would be cheaper than the present cost of power.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company's activities in its business segments have operating cycles which do not exceed 12 months. As a result, current assets comprise elements that are expected to be realized within 12 months after the reporting date and current liabilities comprise elements that are due for settlement within 12 months after the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES :**2.1 Use of Estimates:**

The preparation of the Financial Statements in conformity with the Generally Accepted Accounting principles requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue Recognition:

Sales are stated net of rebate and trade discount and include Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. this usually occurs upon dispatch, after the price has been determined. Export Benefits are accounted / recognized on accrual basis. Dividend income is recognized when right to receive is established. Interest income is recognized on accrual basis

2.3 Excise Duty

Excise Duties recovered are included in the sale of products & then shown as deduction on the face of Statement of Profit & Loss Excise duties in respect of Finished Goods lying in stock/bonded warehouse are shown separately under the head "Other expenses" and included in the valuation of finished goods.

2.4 Valuation of Inventories:

Inventories are valued at lower of cost or net realizable value after considering the credit of VAT and CENVAT.

In case of Raw Materials, Stock at third party and Stores and Spares are determined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost.

Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

**2.5 Fixed Assets**

- (a) Fixed assets are stated at cost (net of Cenvat credit), less accumulated depreciation and impairment loss, if any. [Other than “freehold land” where no depreciation is charged]. Costs include all expenses incurred to bring the assets to its present location and condition.
- (b) Capital Work in progress is stated at cost.
- (c) Cost of Trial run Production incurred during the initial period of production is capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects is capitalized amongst the various heads of fixed assets on the commencement of the projects.
- (e) Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

2.6 Depreciation and Amortization

Depreciation on tangible assets is provided by using the straight line method based on useful life specified in Schedule II of the Companies Act 2013 except for the following assets:

Electric Arc Furnace Useful life is estimated 8 years based on independent technical evaluation.

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher / lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

2.7 Cash flow statement

The Cash Flow Statement is prepared by the “indirect method” set out in Accounting Standard 3 on “Cash Flow Statements” and presents the cash flows by operating, investing and financing activities of the Company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and deposits with banks.

2.8 Investments

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

2.9 Foreign currency transactions

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Profit and Loss Account.

2.10 Employee Benefits:**(a) Short Term**

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company

(b) Long Term

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.



(c) **Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(d) **Defined Benefit Plans**

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) **Other Employee Benefit**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

2.11 Borrowing cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.12 Taxation:

Income tax expenses comprise current tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

2.13 Impairment of Assets

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net selling price is the estimate selling price in the ordinary course of business less estimated cost of completion and to make the sales.

2.14 Earnings per share

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares issued during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

2.15 Provisions, Contingent Liability and Contingent Asset

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.



Note 3: SHARE CAPITAL	As At March 31, 2015	As At March 31, 2014
The Authorised, Issued, Subscribed and fully Paid up Share Capital comprises of equity shares having a par value of ₹ 10 each as follows:		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	35 00 00 000	35 00 00 000
Total	35 00 00 000	35 00 00 000
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	19 79 75 400	19 79 75 400
[It comprises of 1,977,500 equity shares of Rs 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depository Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	19 79 75 400	19 79 75 400

a) Reconciliation of Number of Shares:

	As at March 31, 2015		As at March 31, 2014	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Equity Shares:				
Shares outstanding at the beginning of the year	1 97 97 540	19 79 75 400	1 97 97 540	19 79 75 400
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	1 97 97 540	19 79 75 400	1 97 97 540	19 79 75 400

b) Rights, Preferences and restrictions attached to shares
Equity Shares

The company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual general meeting, except in case of interim dividend. In the case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of Shares held by Shareholders holding more than 5% in the Company

Name of the Shareholder	As at March 31, 2015		As at March 31, 2014	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta



Note 4: RESERVES & SURPLUS	As At March 31, 2015	As At March 31, 2014
i) Capital Reserve:	500	500
ii) Security Premium Reserve:	5 02 61 008	5 02 61 008
iii) Debenture Redemption Reserve:	60 00 00 000	60 00 00 000
iv) Surplus / (Deficit) in Statement of Profit & Loss:		
As per Last Balance Sheet	(6 58 03 80 539)	(5 29 44 91 957)
Transitional effect of Depreciation	(1 06 87 296)	0
Add: Loss during the year	(1 35 17 90 950)	(1 28 58 88 582)
	(7 94 28 58 785)	(6 58 03 80 539)
Total (i)+(ii)+(iii)+(iv)	(7 29 25 97 277)	(5 93 01 19 031)

Note 5: LONG TERM BORROWINGS	As At March 31, 2015	As At March 31, 2014
(A) SECURED :		
I) Debentures		
- Non Convertible Debentures	39 58 33 334	52 08 33 334
II) Term Loans		
a) From Banks		
- Rupee Term Loan	14 85 39 762	53 12 01 190
- Funded Interest Term Loan	49 31 50 547	69 04 10 766
- Working Capital Term Loan	9 85 99 247	75 96 19 611
b) From Financial Institutions		
- Rupee Term Loan	47 22 59 228	28 56 39 581
- Funded Interest Term Loan	17 54 68 803	24 56 56 324
- Working Capital Term Loan	60 97 32 491	17 23 95 833
	239 35 83 412	320 57 56 639
(B) UNSECURED:		
Inter Corporate Deposits		
From Related Parties	7 52 00 000	8 97 00 000
From Others	1 64 00 000	4 64 00 000
Loans & Advances from related parties		
- From Directors	5 84 72 787	5 84 72 787
	15 00 72 787	19 45 72 787
Total	254 36 56 199	340 03 29 426

(A) SECURED :
a) Nature of security and terms of repayment for secured borrowings
I) Non Convertible Debentures

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. Second charges on Working Capital assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all Corporate Debts Restructuring lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

Non Convertible Debentures is repayable in equal monthly installment starting from June 2011 till May 2019.

Maturity profile of Non Convertible Debentures are as set out below :

Financial Year	Rate of Interest	
	9%	10%
2016-17	2 50 00 000	10 00 00 000
2017-18	2 50 00 000	10 00 00 000
2018-19	2 50 00 000	10 00 00 000
2019-20	41 66 667	1 66 66 667



SHAH ALLOYS LIMITED

b) Period and Amount of default as on the Balance sheet

Particulars	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
2011-12	10 41 66 666	1095-1370 days	8 18 90 411	1095-1431 days
2012-13	12 50 00 000	730-1005 days	9 80 00 000	730-1066 days
2013-14	12 50 00 000	365-640 days	9 80 00 000	365-700 days
2014-15	12 50 00 000	1-270 days	8 90 00 000	1-335 days
Total	47 91 66 666		36 68 90 411	

II) Term Loan from Bank / Financial Institution:

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. (except Punjab National Bank's Corporate loan which has exclusive charge on 26,00,000 shares of Shah Alloys Limited. Thus First charge on fixed assets is not extended to Punjab national bank over the Corporate loan) Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all CDR lenders except for 26,00,000 shares on which Punjab national bank has exclusive charge. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2019.

Terms of repayment for term loans are as set out below :

(Amount in ₹)

Particulars	2016-17	2017-18	2018-19	Beyond 2018-19
Rupee term Loan	4 69 07 293	4 69 07 293	4 69 07 293	78 17 882
Term Loans from Financial Institution	14 91 34 493	14 91 34 493	14 91 34 493	2 48 55 749
Working Capital Term Loan from Bank	3 11 36 604	3 11 36 604	3 11 36 604	51 89 434
Working Capital Term Loan from Financial Institution	19 25 47 102	19 25 47 102	19 25 47 102	3 20 91 184
Funded Interest Term Loan from Bank	19 72 60 219	19 72 60 219	9 86 30 109	0
Funded Interest Term Loan from Financial Institution	7 01 87 521	7 01 87 521	3 50 93 761	0
Total	68 71 73 232	68 71 73 232	55 34 49 362	6 99 54 249

Rate of Interest on Term Loan @10 % except LIC of India @8.75 %

Rate of Interest on Working Capital Term Loan @10 %

Rate of Interest on Funded Interest Term Loan @6 %

b) Period and Amount of default as on the Balance sheet

The company has made a default in repayment as follows:

Particulars	Period to which default relates	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
Rupee term Loan from Bank	2011-12	16 71 00 665	1095-1370 days	11 57 69 349	1095-1431 days
	2012-13	18 80 07 037	730-1005 days	15 17 41 489	730-1066 days
	2013-14	14 94 39 852	365-640 days	12 77 49 366	365-700 days
	2014-15	5 99 16 520	1-270 days	8 90 80 394	1-335 days
Term Loans from Financial Institution	2011-12	66 95 627	1095-1370 days	46 99 778	1095-1431 days
	2012-13	80 34 750	730-1005 days	56 24 325	730-1066 days
	2013-14	4 66 01 938	365-640 days	56 24 325	365-700 days
	2014-15	14 91 34 493	1-270 days	56 24 325	1-335 days
Working Capital Term Loan from Bank	2011-12	18 64 03 089	1095-1370 days	14 95 31 027	1095-1431 days
	2012-13	22 36 83 707	730-1005 days	17 89 46 966	730-1066 days
	2013-14	21 33 39 957	365-640 days	17 89 46 953	365-700 days
	2014-15	3 11 36 604	1-270 days	13 53 05 256	1-335 days
Working Capital Term Loan from Financial Institution	2013-14	1 03 43 750	1-366 days	0	
	2014-15	19 25 47 102	1-270 days	0	
Funded Interest Term Loan from Bank & Financial Institution	2010-11	0		4 31 63 185	1461-1704 days
	2011-12	0		7 98 16 025	1096-1339 days
	2012-13	0		8 25 18 348	730-1066 days
	2013-14	13 37 23 870	365-455 days	7 71 66 458	365-700 days
	2014-15	26 74 47 740	1-270 days	6 13 23 453	1-335 days
Total		203 35 56 701		149 26 31 022	


(B) UNSECURED :

Deposits : The company has taken inter corporate deposit during the year from one related party as mentioned herewith: SAL Care Pvt Ltd of ₹ 4,30,00,000. This party is covered under the register maintained under section 189 of the Companies Act, 2013.

(Amount in ₹)

Note 6: OTHER LONG TERM LIABILITIES	As At March 31, 2015	As At March 31, 2014
Security Trade Deposits	9 64 59 199	11 56 49 000
Total	9 64 59 199	11 56 49 000

Note 7: LONG TERM PROVISIONS	As At March 31, 2015	As At March 31, 2014
Provision for Employee Benefits		
- Gratuity	1 30 34 378	1 21 75 337
Total	1 30 34 378	1 21 75 337

Note 8 : SHORT TERM BORROWINGS	As At March 31, 2015	As At March 31, 2014
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	54 63 80 634	241 26 11 243
From Financial Institution	262 34 19 634	75 97 67 901
Total	316 98 00 268	317 23 79 144

a) Nature of security and terms of repayment for secured borrowings
Cash Credit Facilities

Hypothecation first charges on company's entire stocks of raw material, stock in progress, finished goods, book debts/receivables and all current assets stored in the company's factory premises, at all plants and / or elsewhere including those in transit covered by documents of title thereto, local and export usance bill ranking pari-passu in favor of all the working capital banks. Second charge on the entire movable and immovable assets both present and future on pari-passu basis. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

b) Period and Amount of default as on the Balance sheet

<i>Particulars</i>	<i>Period to which default relates</i>	<i>Default in payment of interest on working capital facilities</i>	<i>Period of default</i>
Interest on Working capital facilities	2010-11	22 69 93 827	1461-1734 days
	2011-12	37 17 47 750	1096-1369 days
	2012-13	39 44 65 648	730-1066 days
	2013-14	44 18 08 307	365-700 days
	2014-15	31 15 15 625	1-335 days
Total		174 65 31 157	

Note 9 : Trade Payables	As At March 31, 2015	As At March 31, 2014
Due to Micro, Small and Medium Enterprises *	0	0
Other than Micro, Small and Medium Enterprises	59 97 71 718	118 50 92 636
Total	59 97 71 718	118 50 92 636

* The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:

	As At March 31, 2015	As At March 31, 2014
- SAL Steel Limited	0	22 96 58 507
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	27 15 320	26 65 798
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	8 51 918	5 17 689



(Amount in ₹)

Note 10: OTHER CURRENT LIABILITIES	As At March 31, 2015	As At March 31, 2014
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	12 50 00 000	12 50 00 000
- Term Loan from Banks	4 69 07 294	12 74 88 287
- Working Capital Term Loan from Banks	3 11 36 604	18 23 08 706
- Working Capital Term Loan from Financial Institutions	19 25 47 102	4 13 75 000
- Term Loan from Financial Institutions	14 91 34 493	6 85 53 500
- Funded Interest Term Loan from Bank	19 72 60 219	19 72 60 219
- Funded Interest Term Loan from Financial Institutions	7 01 87 521	7 01 87 521
	81 21 73 233	81 21 73 233
(b) Interest accrued & due on Borrowings	322 52 58 675	261 34 09 622
	322 52 58 675	261 34 09 622
(c) Income received in Advance	1 17 27 047	5 76 75 129
(d) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	47 91 66 666	35 41 66 666
- Interest Accrued on Matured Non Convertible Debentures	63 20 74 103	55 20 74 103
	111 12 40 769	90 62 40 769
(e) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	48 82 05 000	48 82 05 000
Add: Premium Payable on FCCB	23 55 83 323	23 55 83 323
	72 37 88 323	72 37 88 323
(f) Other Payables		
- Term Loan from Bank	19 22 68 972	38 46 54 183
- Working Capital Term Loan from Banks	11 93 56 983	51 65 41 337
- Working Capital Term Loan from Financial Institution	73 80 97 226	11 72 29 166
- Term Loan from Financial Institution	58 26 61 912	19 42 34 919
- Funded Interest Term Loan from Bank	29 58 90 329	9 86 30 110
- Funded Interest Term Loan from Financial Institution	10 52 81 281	3 50 93 760
- Statutory Dues Payable*	4 09 00 167	5 40 28 918
- Deferred Sales Tax Liability	6 71 98 787	6 71 98 787
- Unpaid Expenses	4 20 70 980	4 22 67 306
- Book overdraft	0	20 94 582
	218 37 26 637	151 19 73 068
Total	806 79 14 684	662 52 60 144

The Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of Companies Act, 2013.

Since Bond holders have yet not exercised the option no further interest has been accounted for. Accordingly Foreign Currency Convertible Bonds (FCCB) is due for repayment to Bond Holders. However, no payment has been made to Bond Holders.

* It includes amount in the nature of Statutory dues such as withholding taxes, service tax, VAT, Excise duty, etc.



Note 11: SHORT TERM PROVISIONS	As At March 31, 2015	As At March 31, 2014
Provision for Employee Benefits		
- Gratuity	25 80 333	22 22 789
- Leave Encashment	54 12 223	54 12 223
- Others*	3 34 06 389	3 18 51 242
Others		
- Provision for Wealth Tax	17 800	26 030
Total	4 14 16 745	3 95 12 284

* It includes bonus & other incentives to employees

Note 12: FIXED ASSETS
Tangible Assets :

Particulars	Freehold Land	Factory Building	Office/ Residential Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
Cost of Assets									
As at 1st April 2013	4 22 81 653	22 76 72 041	3 26 91 753	5 16 72 69 123	49 16 603	4 03 53 434	2 10 22 662	1 97 24 274	5 55 59 31 543
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2014	4 22 81 653	22 76 72 041	3 26 91 753	5 16 72 69 123	49 16 603	4 03 53 434	2 10 22 662	1 97 24 274	5 55 59 31 543
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	12 47 439	0	0	12 47 439
As at 31st March 2015	4 22 81 653	22 76 72 041	3 26 91 753	5 16 72 69 123	49 16 603	3 91 05 995	2 10 22 662	1 97 24 274	5 55 46 84 104
Depreciation									
As at 1st April 2013	0	7 33 28 337	27 91 393	2 96 27 74 485	41 56 962	3 36 85 194	1 33 97 035	1 07 26 740	3 10 08 60 146
Charge for the year	0	73 67 313	5 32 876	28 71 05 847	2 33 539	21 20 673	7 16 074	11 91 051	29 92 67 373
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2014	0	8 06 95 650	33 24 269	3 24 98 80 332	43 90 501	3 58 05 867	1 41 13 109	1 19 17 791	3 40 01 27 519
Charge for the year	0	1 05 91 828	5 15 849	37 86 48 920	0	16 02 867	0	24 90 897	39 38 50 361
Disposal / Adjustments	0	19 06 492	0	0	2 80 274	(2 68 705)	58 58 420	18 80 293	96 56 774
As at 31st March 2015	0	9 31 93 970	38 40 118	3 62 85 29 252	46 70 775	3 71 40 029	1 99 71 529	1 62 88 981	3 80 36 34 654
Net Block									
As at 31st March 2014	4 22 81 653	14 69 76 391	2 93 67 484	1 91 73 88 791	5 26 102	45 47 567	69 09 553	78 06 483	2 15 58 04 024
As at 31st March 2015	4 22 81 653	13 44 78 071	2 88 51 635	1 53 87 39 871	2 45 828	19 65 966	10 51 133	34 35 293	1 75 10 49 450

Capital work-in-progress	31.03.2015	31.03.2014
Plant & Machinery	12 59 00 355	12 59 00 355
Amount of borrowing cost capitalized	0	5 72 84 008
Total	12 59 00 355	18 31 84 363

Notes:

- Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
- Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.



(Amount in ₹)

Note 13: NON CURRENT INVESTMENTS	As At March 31, 2015	As At March 31, 2014
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	39 94 96 276	39 94 96 276
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Less : Provision for Diminution in value of Investment (Refer note No 38)	34 65 46 545	0
Total	5 29 49 731	39 94 96 276

Aggregate amount of Quoted Investment and Market Value ₹ 5,29,49,731/- (P.Y. ₹ 4,62,93,193/-)

Note 14: LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As At March 31, 2015	As At March 31, 2014
Security Deposits	2 26 71 928	24 99 175
Loans & advance to related parties		
- Inter corporate loan *	0	10 00 00 000
Total	2 26 71 928	10 24 99 175

*The company has advanced an interest free Intercompany loan in earlier years to its Associate Concern

Note 15: DEFERRED TAX ASSETS (NET)	As At March 31, 2015	As At March 31, 2014
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	263 68 33 005	247 02 43 183
On account of disallowances under the Income tax act, 1961	178 28 77 745	154 65 80 626
Gross deferred tax asset (A)	441 97 10 750	401 68 23 809
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	29 05 80 621	37 94 81 362
Gross deferred tax liability (B)	29 05 80 621	37 94 81 362
Net Deferred Tax (A-B)	412 91 30 129	363 73 42 447

Note 16: INVENTORIES (valued at lower of cost or net realizable value)	As At March 31, 2015	As At March 31, 2014
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	3 65 52 708	9 83 55 165
ii) In Transit	94 15 168	9 06 16 092
Work in Progress	4 38 53 260	15 75 08 514
Finished Goods	34 74 12 088	32 12 15 757
Stores & spares	38 04 97 125	38 73 90 162
Total	81 77 30 349	105 50 85 690



Note 17: TRADE RECEIVABLES	As At March 31, 2015	As At March 31, 2014
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	3 80 54 610	6 11 70 638
Others	11 37 81 644	24 96 10 628
Doubtful	98 58 257	1 05 84 179
Total	16 16 94 511	32 13 65 445
Less: Provision for claim / Doubtful debts	98 58 257	1 05 84 179
Total	15 18 36 254	31 07 81 266

Sundry Debtors include dues from Associate concerns:	2014-15 Amount	2013-14 Amount
- SAL College of Engineering (A Division of Adarsh Foundation)	8 72 200	22 734
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	0	13 686
- SAL Institute of Pharmacy (A Division of Adarsh Foundation)	2 05 800	0
- SAL Institute of Managment (A Division of Adarsh Foundation)	2 05 800	0
- SAL Institiute of Technical & Engineering Research (A Division of Adarsh Foundation)	11 66 200	0

Note 18: CASH AND BANK BALANCES	As At March 31, 2015	As At March 31, 2014
Cash & Cash Equivalents		
a) Balance with Banks :		
- In Current accounts	59 75 518	10 13 395
b) Cash on hand	8 04 223	9 68 471
c) Other bank balances:		
- In Margin Money *	32 24 699	43 93 000
Total	1 00 04 440	63 74 866

* Margin Money deposits with a carrying amount of ₹ 32,24,699/- (P.Y.: ₹ 43,93,000) are given as margin against bank guarantee

Note 19: SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As At March 31, 2015	As At March 31, 2014
Loans & advances to related parties		
- Intercompany Loan	6 03 78 259	70 00 00 000
Others		
Advances to suppliers	7 26 51 727	6 94 14 427
Balances with government authorities	22 72 15 918	15 27 83 089
Prepaid expenses	6 31 661	9 43 411
Deposits	97 000	2 74 44 141
Other Loans and Advance*	1 50 74 447	1 68 64 978
Total	37 60 49 012	96 74 50 046

* Includes Loan & advances given to Employees



Note 20: OTHER CURRENT ASSETS	As At March 31, 2015	As At March 31, 2014
Interest Accrued		
- On Deposits	1 09 666	2 36 187
Total	1 09 666	2 36 187

Note 21: CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As At March 31, 2015	As At March 31, 2014
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	275 80 15 418	274 15 93 040
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	207 50 00 000	207 50 00 000
- Bank guarantee given	30 43 000	42 83 294
(c) Other money for which the company is contingently liable		
- Disputed Income Tax /VAT/ Excise / Service tax Demand	7 64 25 452	40 79 95 054

Notes forming part of the Financial Statements

Note 22: REVENUES FROM OPERATION	For the Year ended on 31 st March 2015	For the Year ended on 31 st March 2014
I. Sale of Products		
Manufactured Goods		
- Domestic	2 84 50 41 754	4 60 43 18 388
- Export	5 00 82 074	5 11 61 958
	2 89 51 23 828	4 65 54 80 346
II. Sale of service		
- Job work	8 56 800	2 89 32 005
- Manpower Services	3 00 00 000	0
	3 08 56 800	2 89 32 005
III. Other Operating Revenues		
- Export incentive	10 36 076	15 08 132
	10 36 076	15 08 132
Total	2 92 70 16 704	4 68 59 20 483



Note 22.1: Particulars of Sale of Products	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Sales of Iron & Steel		
- Round / Bright / TMT Bars	7 00 54 299	7 94 63 044
- S.S.Flats	4 34 84 549	93 09 11 715
- M.S/ S.S./ A.S Plate	1 69 66 94 602	1 82 30 88 097
- M.S/S.S.H.R.Coil, SS C.R. Coil	89 00 70 093	1 76 58 16 677
- S.S. Slab, Billets, Ingots etc	19 48 20 285	5 62 00 813
Total	2 89 51 23 828	4 65 54 80 346

Note 23: OTHER INCOMES	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Interest Income	10 72 965	29 55 575
VAT credit recovered	9 26 06 522	3 25 39 798
Miscellaneous Income	20 000	2 48 880
Foreign Exchange Fluctuation Gain (Net)	10 32 270	30 70 286
Other Non operating income		
Sundry Balances Written off (Net)	4 23 48 895	28 04 219
Total	13 70 80 652	4 16 18 758

Note 24: COST OF MATERIAL CONSUMED	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Opening Stock	18 89 71 257	12 92 15 069
Purchases	1 68 10 32 851	3 05 83 87 415
	1 87 00 04 108	3 18 76 02 484
Less :Closing Stock	4 59 67 876	18 89 71 257
Total	1 82 40 36 232	2 99 86 31 227

Note 25: CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK-IN-TRADE.	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
A) Opening Stocks		
- Finished Goods	32 12 15 757	45 52 39 575
- Work in process	15 75 08 514	22 96 05 939
Sub-Total (A)	47 87 24 271	68 48 45 514
B) Less: Closing Stocks		
- Finished Goods	34 74 12 088	32 12 15 757
- Work in process	4 38 53 260	15 75 08 514
Sub-Total (B)	39 12 65 348	47 87 24 271
Total (A)-(B)	8 74 58 923	20 61 21 243



(Amount in ₹)

Note 26: EMPLOYEES BENEFIT EXPENSES	For the Year ended on 31 st March 2015	For the Year ended on 31 st March 2014
Salaries & Wages	14 68 15 029	20 10 00 891
Contribution to Provident & Other Funds	45 21 046	58 08 175
Staff Welfare Expenses	26 11 724	28 32 337
Total	15 39 47 799	20 96 41 403

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under:

Particulars	2014-15	2013-14
Employer's Contribution to Provident Fund	44 88 046	57 89 455
Contribution for Key Managerial Person	33 000	18 720

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-a-vis statutory rate.

Defined Benefit Plan

The Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" which is mandatory from accounting periods starting from Dec 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

I. Reconciliation of opening and closing balance of Defined Benefit Obligation

Particulars	Gratuity (Unfunded)	
	2014-15	2013-14
Opening defined benefit obligation	1 43 98 126	1 76 03 150
Excess / Short provision	4 80 243	0
Service cost	18 81 130	17 24 226
Interest cost	12 09 093	12 65 154
Actuarial (Gain) / Loss	(6 34 593)	(22 26 482)
Benefits paid	(17 19 288)	(39 67 922)
Closing defined benefit obligation	1 56 14 711	1 43 98 126

II. Reconciliation of opening and closing balance of fair value of plan assets

Particulars	Gratuity (Unfunded)	
	2014-15	2013-14
Opening fair value of plan assets	Not applicable	Not applicable
Expected return	as Gratuity	as Gratuity
Actuarial Gain / (Loss)	Liability is	Liability is
Employer contribution	unfunded	unfunded
Benefits paid		
Closing fair value of plan assets		

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2014-15	2013-14
Fair value of plan assets	Not applicable	Not applicable
Present value of obligation	as Gratuity	as Gratuity
Amount recognised in balance sheet	Liability is	Liability is
	unfunded	unfunded


IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '26') (Amount in ₹)

Particulars	Gratuity (Unfunded)	
	2014-15	2013-14
Service cost	18 81 130	17 24 226
Interest cost	12 09 093	12 65 154
Expected return on plan assets	0	0
Actuarial (Gain) / Loss	(6 34 593)	(22 26 482)
Prior year Charge	4 80 243	0
Net cost included in 'Employee Benefit Expense'	29 35 873	7 62 898

V. Investment Details

Particulars	% invested	
	2014-15 (%)	2013-14 (%)
Public sector securities	Not applicable as Gratuity Liability is not funded	Not applicable as Gratuity Liability is not funded
Special deposit schemes		
State Govt. securities		
FDR with banks		
Balance with banks		
Total		

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2014-15	2013-14
Mortality Table (LIC)	1994-96	1994-96
Discount rate (per annum)	7.80%	9.10%
Expected rate of return on plan assets (per annum)	0.00%	0.00%
Rate of escalation in salary (per annum)	7.00%	7.00%

VII Amount for the current and previous four year are as follows:-

Gratuity (Unfunded)	31.03.2015 Amount	31.03.2014 Amount	31.03.2013 Amount	31.03.2012 Amount	31.03.2011 Amount
Defined Benefit obligation	1 56 14 711	1 43 98 126	1 76 03 150	1 84 32 659	1 78 63 505
Plan asset	0	0	0	0	0
Surplus/(deficit)	(1 56 14 711)	(1 43 98 126)	(1 76 03 150)	(1 84 32 659)	(1 78 63 505)
Experience adjustment on plan liability	(23 86 573)	(8 75 657)	(27 09 878)	(30 24 713)	(3 00 181)
Actuarial Loss / (Gain) due to change in assumptions.	17 51 980	(13 50 825)			
Experience adjustment on plan assets	0	0	0	0	0

VIII Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2014-15 to the defined contribution plan. However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Note 27: FINANCE COSTS	For the Year ended on 31 st March 2015	For the Year ended on 31 st March 2014
(a) Term loans		
- From Banks	28 57 09 103	38 38 62 777
- From Financial institution	56 24 325	56 24 325
(b) Working capital facilities	31 15 15 625	44 18 08 307
(c) Debentures	8 90 00 000	9 80 00 000
(d) Others	28 07 919	23 41 882
Total	69 46 56 972	93 16 37 291



(Amount in ₹)

Note 28: OTHER EXPENSES	For the Year ended on 31st March 2015	For the Year ended on 31st March 2015
Consumption of stores & spare parts	39 70 55 934	60 58 45 097
Power & fuel	43 91 31 013	59 58 31 200
Factory Labour expense	7 05 30 597	7 01 10 527
Freight and handling charges	5 99 81 717	9 16 38 158
Provision for Excise Duty on finished goods	25 57 323	(1 56 40 326)
Factory Expenses	91 07 743	49 09 029
Repairs and maintenance :		
- to Factory Building	9 98 636	15 36 252
- to Plant & Machinery	61 98 217	71 66 859
- to Others	25 25 042	36 11 904
	97 21 895	1 23 15 015
Donation	13 152	6 901
Selling costs	40 76 471	40 86 385
Packing Cost	21 70 788	78 21 173
Freight outward expenses	1 71 92 502	4 46 45 766
Travelling & conveyance	55 50 875	70 33 230
Legal, Consultancy and Professional Fees	61 46 903	64 35 881
Miscellaneous expenses	32 36 737	65 94 133
Advertisement, Stationery and Communication	30 08 054	35 74 835
Payment to Auditors #	10 01 000	8 61 000
Rent	11 40 000	11 49 600
Rates and Taxes	10 86 919	8 67 375
Insurance	14 39 852	20 72 550
Bank Charges	24 56 420	31 03 171
Total	1 03 66 05 895	1 45 32 60 700

# Payment to Auditors :	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
As Auditor		
- Statutory Audit	7 50 000	6 50 000
For other services	2 00 000	1 66 000
For Reimbursement of Expenses	51 000	45 000
Total	10 01 000	8 61 000

Note 29: EARNING PER SHARE	Unit	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Net profit / (Loss) for the year attributable to Equity Shareholders before extraordinary item.	₹	(94 79 60 397)	(1 28 58 88 582)
Net profit / (Loss) for the year attributable to Equity Shareholders after extraordinary item.	₹	(1 35 17 90 950)	(1 28 58 88 582)
Weighted Average Number of Equity Shares outstanding	Nos.	1 97 97 540	1 97 97 540
Basic & Diluted earnings per share before extraordinary item (face value of ₹ 10 each)	₹	(47.87)	(64.95)
Basic & Diluted earnings per share after extraordinary item (face value of ₹ 10 each)	₹	(68.28)	(64.95)


Note 30: INFORMATION REGARDING STOCK
a) Capacity (As Certified by Management)

Class of products	Annual Licensed capacity (MT)		Annual Installed Casting (MT)	
	2014-15	2013-14	2014-15	2013-14
S.S.Flats, Bars & Castings, Hot Rolled M.S./S.S/A.S Plates , H.R. / C.R.Coil	N.A	N.A	3 00 000	3 00 000

b) Production:

Class of products	2014-15 Qty. (MT)	2013-14 Qty. (MT)
1. Finished Goods		
(a) Round / Bright / TMT Bars	428.114	1 867.241
(b) S.S.Flats	630.816	12 262.864
(c) M.S/ S.S./ A.S Plate	36 521.239	34 629.756
(d) M.S/S.S.H.R.Coil, S.S C.R. Coil	14 497.831	21 502.395
2. Semi-Finished Goods		
S.S. Slab, Billets, Ingots etc	2 685.094	1 551.455
TOTAL	54 763.094	71 813.711

c) Turnover (Excluding Trading Turnover)

Class of Goods	2014-15		2013-14	
	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)
1. Finished Goods				
(a) Round / Bright / TMT Bars	1 261.970	7 00 54 299	1 081.589	7 94 63 044
(b) S.S.Flats	630.790	4 34 84 549	13 168.890	93 09 11 715
(c) M.S/ S.S./ A.S Plate	36 448.882	1 69 66 94 602	32 273.415	1 82 30 88 097
(d) M.S/S.S.H.R.Coil, S.S C.R. Coil	10 867.819	89 00 70 093	23 137.983	1 76 58 16 677
2. Semi-Finished Goods				
S.S. Slab, Billets, Ingots etc	5 292.585	19 48 20 285	1 453.620	5 62 00 813
TOTAL	54 502.046	2 89 51 23 828	71 115.497	4 65 54 80 346

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2014		As at 01-04-2013		As at 31-03-2015		As at 31-03-2014	
	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)
1. Finished Goods								
(a) Round / Bright / TMT Bars	984.900	4 42 43 637	199.248	1 76 05 581	151.044	59 25 018	984.900	4 42 43 637
(b) S.S.Flats	0.839	33 806	906.865	5 62 58 752	0.865	49 085	0.839	33 806
(c) M.S/ S.S./ A.S Plate	3 407.809	14 66 13 684	1 051.468	5 90 61 780	3 480.166	12 03 41 674	3 407.809	14 66 13 684
(d) M.S/S.S.H.R.Coil, S.S C.R. Coil	1 874.592	9 58 86 982	3 510.180	27 22 35 488	5 504.604	18 41 01 340	1 874.592	9 58 86 982
(e) Excise Duty on Finished Goods	3 44 37 648	5 00 77 974	3 69 94 971	3 44 37 648				
2. Semi-Finished Goods								
S.S. Slab, Billets, Ingots etc	4 098.847	15 75 08 514	4 001.012	22 96 05 939	1 491.356	4 38 53 260	4 098.847	15 75 08 514
TOTAL	10 366.987	47 87 24 271	9 668.773	68 48 45 514	10 628.035	39 12 65 348	10 366.987	47 87 24 271



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Note 30: INFORMATION REGARDING STOCK (Contd...)

e) Consumption of Raw materials:

Class of Goods	2014-15		2013-14	
	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)
Scrap	58 873.931	1 29 87 35 095	72 394.606	1 86 06 46 807
Ferro Chrome	2 945.107	20 08 32 337	8 081.781	62 45 54 469
Others	4 225.181	32 44 68 800	6 306.931	51 34 29 951
TOTAL	66 044.219	1 82 40 36 232	86 783.318	2 99 86 31 227

f) Value of imports calculated on C.I.F. basis during the financial year in respect of:

(Amount in ₹)

Particulars	For the Year ended on 31 st March 2015	For the Year ended on 31 st March 2014
Raw Materials	1 47 82 821	18 42 03 521
Stores & Spares	12 50 349	2 14 83 110

g) Expenditure in foreign currency during the financial year

Particulars	For the Year ended on 31 st March 2015	For the Year ended on 31 st March 2014
Travelling Expenses	1 70 503	0
Commission on Export Sales.	1 78 899	3 43 793

h) Value of Raw Materials, Stores, Chemical & Spares consumed during the year:

Class of Goods	2014-15		2013-14	
	Amount (in ₹)	% of consumption	Amount (in ₹)	% of consumption
Raw Material-Manufacturing Activity				
Imported	13 22 57 851	7.25%	7 28 60 372	2.43%
Indigenous	1 69 17 78 381	92.75%	2 92 57 70 855	97.57%
Total	1 82 40 36 232	100.00%	2 99 86 31 227	100.00%
Stores & Spare parts				
Imported	13 52 793	0.34%	2 29 95 943	3.80%
Indigenous	39 57 03 141	99.66%	58 28 49 154	96.20%
Total	39 70 55 934	100.00%	60 58 45 097	100.00%

i) Earning in Foreign Exchange:

Particulars	For the Year ended on 31 st March 2015	For the Year ended on 31 st March 2014
FOB Value of exports	4 61 65 177	4 87 95 993

**Note 31: RELATED PARTY DISCLOSURES**

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i) Concern where significant interest exists.

Sr. no	Name of the Concern	Nature of Relationship
1	SAL Steel Limited	Associate
2	SAL Corporation Pvt. Ltd	Enterprise with significant influence
3	SAL Care Pvt Ltd	Enterprise with significant influence
4	SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	Enterprise with significant influence
5	SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	Enterprise with significant influence
6	SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation)	Enterprise with significant influence
7	SAL Institute of Pharmacy (A Division of Adarsh Foundation)	Enterprise with significant influence
8	SAL Institute of Management (A Division of Adarsh Foundation)	Enterprise with significant influence
9	SAL College of Engineering (A Division of Adarsh Foundation)	Enterprise with significant influence
10	Kesar SAL Hospital (A Division of Adarsh Foundation)	Enterprise with significant influence

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director
4	Mr. Yashpal Mehta	Vice President & Chief Financial Officer (CFO)
5	Mr. Vinod Shah	Company Secretary

iii) Disclosure of Related Party Transactions**(Amount in ₹)**

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2014-15	2013-14	2014-15	2013-14
1	Purchase of goods & Services	34 74 84 744	9 57 461	0	0
2	Purchase of Power	20 19 40 980	27 99 56 300	0	0
3	Sales of Goods	4 09 51 337	12 33 43 148	0	0
4	Manpower Recovered	3 00 00 000	0	0	0
5	Rent paid	9 60 000	9 60 000	0	19 600
6	Loan Availed	4 30 00 000	15 60 00 000	0	48 51 000
8	Loan Repaid	5 75 00 000	7 88 00 000	0	0
8	Intercompany Loan Recoved	73 96 21 741	0	0	0
9	Remuneration	0	0	44 88 240	44 88 240
10	Professional Services	0	0	0	0


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iv) Disclosures of material transactions with related parties during the year:
(Amount in ₹)

Sr.No.	Description	Related Parties	2014-15	2013-14	Balance outstanding as at	
					31-03-2015	31-03-2014
1	Purchase of Goods & Services	SAL Steel Ltd	34 71 00 993	2 36 300	0	22 96 58 507
		SAL Pharmacy	3 34 229	2 05 131	8 51 918	5 17 689
		SAL Hospital & Medical Institute	49 522	5 16 030	27 15 320	26 65 798
2	Purchase of power	SAL Steel Ltd	20 19 40 980	27 99 56 300	0	0
3	Sales of goods	SAL Steel Ltd	4 07 78 416	12 33 20 414	0	0
		SAL College of Engineering	0	22 734	0	22 734
		SAL Hospital & Medical Institute	1 72 921	0	0	13 686
4	Manpower Recoverd	SAL Institute of Technical & Engineering Research	1 42 80 000	0	11 66 200	0
		SAL Institute of Pharmacy	25 20 000	0	2 05 800	0
		SAL Institute of Management	25 20 000	0	2 05 800	0
		SAL College of Engineering	1 06 80 000	0	8 72 200	0
5	Rent paid	SAL Steel Ltd	9 60 000	9 60 000	0	0
		Mr. Rajendra V Shah	0	9 600	0	0
		Mr. Rajendra V Shah HUF	0	10 000	0	0
6	Remuneration to Key Management Personnel	Mr. K S Kamath	12 92 400	12 92 400	0	0
		Mr. Ashok Sharma	12 00 000	12 00 000	0	0
		Mr. Yashpal Mehta	9 75 840	9 75 840	0	0
		Mr. Vinod Shah	10 20 000	10 20 000	0	0
7	Loan Aailed	SAL Care Pvt Ltd.	4 30 00 000	15 20 00 000	7 52 00 000	8 97 00 000
		SAL Hospital & Medical Institute	0	40 00 000	0	0
		Mr. Rajendra V Shah	0	48 51 000	5 84 72 787	5 84 72 787
8	Loan Repaid	SAL Care Pvt Ltd.	5 75 00 000	6 48 00 000	0	0
		SAL Hospital & Medical Institute	0	40 00 000	0	0
		SAL Corporation Pvt. Ltd.	0	1 00 00 000	0	0
9	Intercompany Loan Recoved	SAL Steel Ltd	73 96 21 741	0	6 03 78 259	80 00 00 000

32. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.

33 Corporate Debt Restructuring (CDR) Cell through their lead bank, Union Bank of India had sanctioned a comprehensive debt restructuring scheme vide their letter No. BY.CDR (ABP) No. 1084 dated 22.1.2008. As per scheme company was supposed to make monthly payment of interest & installment by 1st October 2009. Looking to prevailing condition and reciprocal obligation not fulfilled by the CDR lenders & consequential losses incurred by the company in the year 2008, company had again approached CDR Cell for extension



of moratorium period and CDR Cell had approved the rework proposal of the company vide their letter dated BY.CDR (ABP) NO.380/2009-10 dated 03-07-2009. The principal terms of the 2nd CDR Scheme and its compliances are as under:

- (a) Deferring repayment of Term loan ₹ 1,56,05,13,132/- Working capital term loan ₹ 1,77,82,65,205/- and Non Convertible Debentures ₹ 1,00,00,00,000/- for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.
- (b) Interest for the moratorium period i.e. up to May 2011 shall be converted into Funded interest term loan (FITL) carrying interest rate of 6% p.a. repayable in 20 equal quarterly installments commencing from December 2013 quarter. Interest on FITL shall be serviced as and when due.

Consequent upon the sanction of the restructuring package, the company had to start repaying the aforesaid loans sanctioned by banks/institutions and debenture holders from June 2011 onwards however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL, Non convertible Debentures and FITL are as under:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹)</i>	<i>Period for which the default subsists</i>
Term Loan	2011-12	17,37,96,292	1095-1370 days
	2012-13	19,60,41,787	730-1005 days
	2013-14	19,60,41,790	365-640 days
	2014-15	20,90,51,013	1-270 days
Working Capital Term Loan	2011-12	18,64,03,089	1095-1370 days
	2012-13	22,36,83,707	730-1005 days
	2013-14	22,36,83,707	365-640 days
	2014-15	22,36,83,706	1-270 days
Non Convertible Debenture	2011-12	10,41,66,667	1095-1370 days
	2012-13	12,50,00,000	730-1005 days
	2013-14	12,50,00,000	365-640 days
	2014-15	12,50,00,000	1-270 days
Funded Interest Term Loan (FITL)	2013-14	13,37,23,870	365-455 days
	2014-15	26,74,47,740	1-270 days

As per CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards, the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) has to be serviced as and when due.

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD). The Amount and the period of default are as listed under:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹)</i>	<i>Period for which the default subsists</i>
Interest on Term Loan	2011-12	12,04,69,127	1095-1431 days
	2012-13	15,73,65,814	730-1066 days
	2013-14	13,33,73,691	365-700 days
	2014-15	9,47,04,719	1-335 days
Interest on Working Capital Term Loan	2011-12	14,95,31,027	1095-1431 days
	2012-13	17,89,46,966	730-1066 days
	2013-14	17,89,46,953	365-700 days
	2014.15	13,53,05,256	1-335 days
Interest on Non Convertible Debenture	2011-12	8,18,90,411	1095-1431 days
	2012-13	9,80,00,000	730-1066 days
	2013-14	9,80,00,000	365-700 days
	2014-15	8,90,00,000	1-335 days



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As per the terms of the CDR, Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of interest on FITL. The amount and the period of default are as mentioned below:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹)</i>	<i>Period for which the default subsists</i>
Interest on Funded Interest Term Loan(FITL)	2010-11	4,31,63,185	1461-1704 days
	2011-12	7,98,16,025	1096-1339 days
	2012-13	8,25,18,348	730-1066 days
	2013-14	7,71,66,458	365-700 days
	2014-15	6,13,23,453	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹)</i>	<i>Period for which the default subsists</i>
Interest on working capital facilities	2010-11	22,69,93,827	1461-1734 days
	2011-12	37,17,47,750	1096-1369 days
	2012-13	39,44,65,648	730-1066 days
	2013-14	44,18,08,307	365-700 days
	2014-15	31,15,15,625	1-335 days

- c) Rate of interest on Term Loan, Non Convertible Debenture and WCTL will be 10% p.a. for the term lenders who are presently charging more than 10% p.a. payable monthly. Existing rates will continue for those lenders who are charging less than 10% p.a. payable monthly and FITL will carry interest at the rate of 6 % per annum.

As per the terms of the CDR, the company has brought in Promoters' contribution during the year 2009-10.

- 34 Secured Borrowings from the below mentioned banks have been transferred / assigned to financial institution together with all their rights, title and interest in the financial documents and any underline security interest/pledges and /or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank	31/12/2012	Asset Reconstruction Company (India) Ltd
IDBI Bank	28/03/2014	Asset Reconstruction Company (India) Ltd
Bank of Baroda	26/03/2014	Edelweiss Assets Reconstruction Company Ltd.
Oriental Bank of Commerce	04/08/2014	Asset Reconstruction Company (India) Ltd
State Bank of India	28/01/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.
Union Bank of India	31/03/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with Asset Reconstruction Companies (ARC) and hence due to non availability of agreement with Asset Reconstruction Companies (ARC) , the company has taken the CDR – 2 orders as base for classification of current / non-current liability and default of total borrowing.

- 35 The company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its order number 13/2010 dated 31st August, 2010 has declared that the company has become sick industrial company u/s 3(1)(o) of SICA. [Sick Industrial Companies (Special Provision) Act, 1985].
- 36 Balances of Secured Loan, Unsecured Loans, Bank balances, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.
- 37 Certain balance of Debtors, Loans and Advances and Creditors are non moving/ slow moving since long, however in view of the management the same is recoverable / payable and hence no provision for the same is made in the books of accounts.
- 38 The Company has long term investment in the shares of SAL Steel Limited total amount of ₹ 39,94,96,276/-. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2015, the Company has accumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited also indicates that the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. Also there is no movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there is decline, other than temporary, in the value of a long term investment. And as a result, we have provided investment at market rate of shares @ ₹ 1.75 per share total amount of ₹ 5,29,49,731/- and provided ₹ 34,65,46,545/- as diminution other than temporary in the value of investment in books of accounts.



- 38A** As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the current and previous year and the Company's current liabilities exceed its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating with the ARC / lenders for one time settlement (OTS) and expecting the waiver of interest with the banks. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post OTS, Company will reduce the interest burden drastically and will be optimistic about vanishing of accumulated losses gradually.
- 39** Since last many years the company does not have internal accruals from the operations and as a result, management do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. Fund of ₹18,31,84,363/- is blocked in the said ongoing projects. Since the capital project is not anticipate to complete in future, we have charged back expense of pre-operative expense, trial run expense and borrowing cost elements for ₹ 5,72,84,008/- to the statement of profit and loss during the current year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects. For the remaining balance carried as Capital work In Progress, the company has not carried out any Techno-economic assessment during the year ended 31st March 2015 for the valuations of such Capital Projects and hence identification of impairment loss and provision thereof, if any, has not been made. Considering the emphasis of the matter, company agreed to appoint an approved valuer to access the impairment of the assets. We are expecting a report from the valuer and decision will be taken with regard to impairment, if any, on such assets.
- 40** Foreign currency exposure at the year end not hedged by derivative instruments:

Particulars	As at 31 st March 2015	As at 31 st March 2014
Payable against Import of Goods		
Rupees	0	6,37,53,868
US Dollar	0	10,60,800
Advance payment to suppliers		
Rupees	1,58,16,969	55,48,414
US Dollar	2,20,857	92,320
AED	1,17,233	0
Receivables against export of goods		
Rupees	27,80,784	36,74,362
US Dollar	44,428	61,138
Advance received from customers		
Rupees	6,41,366	25,89,558
US Dollar	9,804	39,285
Euro	410	2,767
FCCB Payable (Including Interest)		
Rupees	72,37,88,323	72,37,88,323
US Dollar	1,48,25,500	1,48,25,500

- 41** The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year as per revised Schedule-VI.

As per our report attached to the Balance Sheet

Signatures to Notes 1-41

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For Talati & Talati

Chartered Accountants
FRNo: 110758W

Umesh Talati

Partner
M.No. 034834

Place : Ahmedabad
Date : May 22, 2015

**For and on behalf of the Board
Shah Alloys Limited**

Rajendra V. Shah Chairman
K.S. Kamath Jt. Managing Director
Ashok Sharma Whole Time Director
Yashpal Mehta V.P. & CFO
Vinod Kumar Shah Company Secretary

Place : Santej
Date : May 22, 2015

**SHAH ALLOYS LIMITED****SHAH ALLOYS LIMITED**

CIN: L27100GJ1990PLC014698

5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

ATTENDANCE SLIP

DP ID*	Folio
Client ID*	No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 25TH **ANNUAL GENERAL MEETING** of the Company held on Thursday, 24th September, 2015 at 05:00 P.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060.

Signature of the Shareholder | Proxy

* Applicable for investors holding shares in electronic form.

SHAH ALLOYS LIMITED

CIN: L27100GJ1990PLC014698

5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

Form No. MGT- 11**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Members : _____
Registered Address : _____
E-mail Address : _____
Folio No. | Client ID : _____
DP Id : _____

I/we, being the member(s) of _____ shares of S.A.L. Steel Ltd, hereby appoint:

- 1) _____ of _____
having e-mail id _____ or failing him
- 2) _____ of _____
having e-mail id _____ or failing him
- 3) _____ of _____
having e-mail id _____

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th **ANNUAL GENERAL MEETING** of the Company, to be held on Thursday, 24th September, 2015 at at 05:00 P.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO**Resolutions****Ordinary Business**

- 1 Adoption of financial statements for the year ended on March 31, 2015
- 2 Reappointment of Shri Rajendra V. Shah (DIN: 00020904) as Director
- 3 Appointment of Talati & Talati as Statutory Auditor and fix their remuneration
- 4 Reappointment of Shri Kandodi Srinivas Kamath as Joint Managing Director
- 5 Reappointment of Shri Ashok A Sharma as Whole Time Director
- 6 Fixation of Remuneration of Cost Auditors
- 7 Appointment of Woman Director

Affix
Revenue
Stamp

Signed this _____ day of _____ 2015.

Signature of first proxyholder

Signature of Second proxyholder

Signature of Third proxyholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

www.shahalloys.com



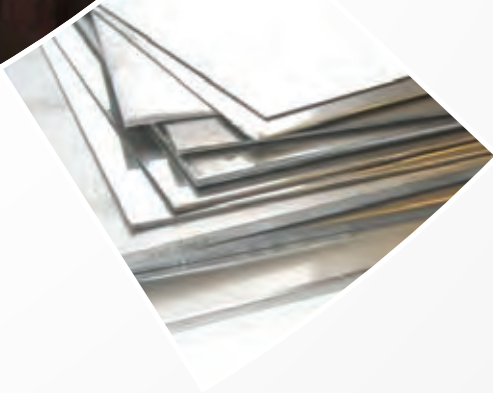
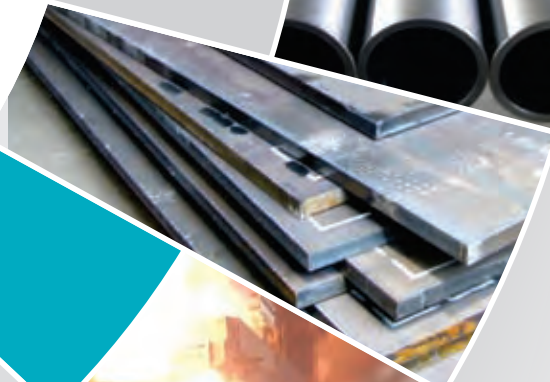
Shah Alloys Limited.

If undelivered please return to:

CORPORATE OFFICE

Corporate House, Sola-kalol Road,
Santej - 382721, Ta.Kalol, Dist. Gandhinagar

annual report
2015 - 2016



SHAH ALLOYS LTD.

**BOARD OF DIRECTORS**

Shri Rajendra V. Shah	<i>Chairman</i>
Shri Kandodi Srinivas Kamath	<i>Jt. Managing Director</i>
Shri Ashok A Sharma	<i>Whole-Time Director</i>
Shri Dilip Kumar Sinha	<i>Independent Director</i>
Shri G.M. Shaikh	<i>Independent Director</i>
Shri Tejpal S Shah	<i>Independent Director</i>
Shri Harshad M Shah	<i>Independent Director</i>
Smt. Shefaliben M. Patel	<i>Independent Director</i>
Shri Harbans Lal Rawal	<i>Nominee Director</i>
	<i>(upto 29.03.2016)</i>

CHIEF FINANCIAL OFFICER

Shri Yashpal Mehta

COMPANY SECRETARY & COMPLIANCE OFFICER

Shri Vinod Kumar Shah

AUDIT COMMITTEE

Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Rajendra V. Shah

NOMINATION AND REMUNERATION COMMITTEE

Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Harshad M. Shah

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Ashok Sharma

REGISTERED OFFICE

5/1 Shreeji House,
B/h M.J. Library, Ashram Road,
Ahmedabad – 380 006

ADMINISTRATIVE OFFICE

Shah Alloys Limited
Corporate House,
Sola-Kalol Road, Village Santej,
Dist.-Gandhinagar-382 721

PLANT

Shah Industrial Estate,
Block No. 2221, Sola – Kalol Road,
Village – Santej, Dist.– Gandhinagar-382 721

STATUTORY AUDITORS

Talati & Talati
Chartered Accountants
Ambika Chambers, Nr. Old High Court,
Navarangpura, Ahmedabad-380 009.

SECRETARIAL AUDITORS

Kamlesh M. Shah & Co.
Company Secretaries
801-A, 8th Floor, Mahalaya Complex,
Opp. Hotel President, B/h. Fairdeal House,
Swastik Cross Roads, Off C.G.Road,
Navrangpura, Ahmedabad 380 009

REGISTRAR AND SHARE TRANSFER AGENTS

Bigshare Services Private Limited
(Unit: Shah Alloys Limited)
E 2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai 400 072.
Board No. : 022 4043 0200
Fax No. : 022 2847 5207
Email id. : info@bigshareonline.com
Website : www.bigshare.com

BANKERS TO THE COMPANY

ICICI Bank Ltd.
Union Bank of India

Shareholders are requested to bring their copies of Annual Report at the Annual General Meeting as the same will not be distributed in the Meeting Hall.

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**NOTICE**

NOTICE is hereby given that 26th Annual General Meeting of the Members of **SHAH ALLOYS LIMITED** will be held on Saturday, 24th September, 2016 at 11:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2016, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Ashok A. Sharma (DIN 00038360), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**
“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 (the “Act”) read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Company hereby ratifies the appointment of M/s. Talati & Talati, Chartered Accountants, Ahmedabad (ICAI Registration No. 110758W), as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting to be held for the financial year 2016-17 on such remuneration plus applicable service tax and out of pocket expenses incurred by them for the purpose of audit to be decided by the Board of Directors in consultation with the Auditors.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), following resolution as **Special Resolution:**
“RESOLVED THAT pursuant to the provisions of Regulation 23 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter as “SEBI (LODR)”], as amended from time to time, consent of the Members be and is hereby accorded for all material related party contracts or arrangements entered and to be entered into financial year 2016-17 between the Company and S.A.L. Steel Limited (being an associate company of the Company) for purchase of power, materials and services and sale of material to the associate concern S.A.L. Steel Ltd. at a prevailing market price.
RESOLVED FURTHER THAT pursuant to the provisions of Regulation 23 (8) of the SEBI (LODR), as amended from time to time, consent of the Members be and is hereby accorded for material related party transactions between the Company and S.A.L. Steel Limited entered into during the period 2015-16.
RESOLVED FURTHER THAT the Board of Directors (the “Board”) and/or any Committee constituted by the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all acts, deeds, things as may be deemed necessary, proper and desirable.”
5. To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution:**
“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017 be paid the remuneration of ₹ 90,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit.”

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her self and proxy need not be a member. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.
2. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members as per the applicable Regulations relating to e-voting. The complete instruction on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on September 24, 2016.
3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative/s to attend and vote at the Annual General Meeting.
4. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of directors seeking appointment/reappointment at the Annual General Meeting is given in detail, as annexed hereto.



5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting, is annexed hereto.
6. **Shareholders are requested to bring their copy of Annual Report to the meeting.**
7. Members/Proxies should fill Attendance Slip for attending the meeting.
8. **The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 16th September, 2016 to Saturday, 24th September, 2016 (both days inclusive).**
9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the Statement will remain open and available for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
12. **Members who have not registered their email IDs so far with their depository participants, are requested to register their email IDs for receiving all the Communications including Annual Report, Notices etc. in electronic mode.**
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository.
14. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2016 is uploaded on the Company's website www.shahalloys.com and may be accessed by the members and also on the website of the Bombay Stock Exchange Ltd. www.bseindia.com and on the website of the National Stock Exchange www.nseindia.com.
15. Electronic copy of the Annual Report for 2015-16 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, a physical copy of the Annual Report for 2015 -16 is being sent in the permitted mode.

The instructions for members for voting electronically are as under:-

- i) The voting period begins on 21.09.2016 at 10 a.m. and ends on 23.09.2016 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii) Log on to the e-voting website www.evotingindia.com
- iii) Click on Shareholders
- iv) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).



SHAH ALLOYS LIMITED

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

GENERAL INSTRUCTIONS FOR VOTING:

- a. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- b. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- c. Shri Kamlesh. M. Shah, Practicing Company Secretary, (Membership No. A8356 and COP No. 2072, Address: 801-A, Mahalay Complex, Opp: Hotel President, B/h. Fairdeal House, Swastik Cross Roads, Navrangpura, Ahmedabad: 380 009, Gujarat, India,) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.



- d. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, submit to the Chairman of the Company.
- e. Results declared by the Chairman along with the Scrutinizer's Report shall be placed on the Company's website <http://www.shahalloys.com> and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company. The results shall be communicated to the NSE and BSE Limited and will also be uploaded on website of Stock Exchanges.
- f. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17.09.2016, may obtain the login ID and password by sending a request at www.evotingindia.com.

Note: For detailed instructions for e-voting, please visit website of CDSL.

For and on behalf of the Board

Date : 30th May 2016

Place : Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

CIN: L27100GJ1990PLC014698

Vinod Kumar Shah

Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND THE RULES FRAMED THEREUNDER

Item No. 4:

The Securities and Exchange Board of India, vide its Circular No. SEBI/LAD-NRO/GN/2015-16/013 dated 2nd September, 2015 (the "said circular"), introduced the regulations called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein after "SEBI (LODR)"]. As per regulation 23 (4) of the SEBI (LODR), all material related party transactions shall require approval of the shareholders through resolution in the General Meeting. Further as per regulation 23(8) of SEBI (LODR), all existing material related party contracts or arrangements as on the date of notification of SEBI (LODR), Regulations 2015 i.e. on or before September 2, 2015 and which are likely to continue beyond such date i.e. upto March 31, 2016 shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of the regulations. The related party transactions set out below are all contractual obligations entered / to be entered into by the Company in its ordinary course of business and are arms' length transactions for financial year 2015-16 & 2016-17 respectively:

For financial year 2015-16

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount(₹)
S.A.L. STEEL LTD	Associate Company	Purchase of Power	28,68,71,000
		Purchase of Material	57,50,69,412
		Sale of Material	1,05,12,873

For financial year 2016-17

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount Approx. (₹ in crore)
S.A.L. STEEL LTD	Associate Company	Purchase of Power & Material	150.00
		Sale of Material	10.00

Purpose of the aforementioned material related party transactions

Company promoted SAL Steel Ltd. in 2003. The Project of SAL Steel is backward integration project since finished product of SAL Steel Ltd. is raw material for the Company. Further, SAL Steel Ltd. has installed group captive power plant 40 MW and as such SAL Steel Ltd. has Govt. permission of wheeling of power to the Company. On account of above, Shah Alloys is purchasing finished product of SAL Steel Ltd. as also power generated by group captive power plant. Sale of material to SAL Steel Ltd. includes various products of the company required by SAL for maintenance of its plant and other purposes. Transactions made with SAL Steel Ltd. are at Arms length basis.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions except Shri Rajendra V Shah.



SHAH ALLOYS LIMITED

ITEM NO.5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 at the remuneration of ₹ 90,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

For and on behalf of the Board

Date : 30th May 2016

Place : Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

CIN: L27100GJ1990PLC014698

Vinod Kumar Shah
Company Secretary

Details of the directors seeking re-appointment in the 26th Annual General Meeting of the Company
[Pursuant to regulation 36 (3) of the SEBI (LODR) Regulations, 2015]

Name of Director	ASHOK SHARMA
DIN	00038360
Date of Birth	04.01.1956
Date of Appointment	11.07.2001
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	More than 30 years of experience in administrative
Qualification	C.A. and C.S.
No. of Equity Shares held in the Company	NIL
List of other Companies in which Directorships are held	NIL
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	NIL



DIRECTORS' REPORT

Dear Members,

Your Directors pleased to present the 26th Annual Report of your company on the operations and performance along with the Audited Financial Statements for the year ended on 31st March 2016.

FINANCIAL HIGHLIGHTS

₹ In Crores

Particulars	March 31, 2016	March 31, 2015
Total Revenues	293.61	306.41
Total Expenditure	279.05	300.94
Profit before interest depreciation, extraordinary item and tax	14.56	5.47
Depreciation and Interest	41.30	108.85
Profit before extraordinary item and tax	(57.97)	(143.98)
Extraordinary item	(247.12)	40.38
Profit before tax	189.15	184.36
Tax Expense / Deferred tax	65.98	(49.18)
Net Profit available for Appropriation	123.17	(135.18)
Balance Carried forward	(671.09)	(794.29)

STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

During the year under review Net Turnover of the Company has been decreased marginally from ₹ 265.82 crores to ₹ 262.37 crores as compared to previous year's turnover. Company has registered a net profit of ₹123.17 crores in comparison to the loss of ₹ 135.18 crores during previous year. Main reason for profit during the year under review was settlement of dues with ARCs on account of reversal of interest and waiver of principal debts. Many a banks had transferred their debts to ARCs and finally dues were settled with few ARCs. Settlement of dues has been made as per directions of Hon'ble BIFR since the company had been declared as SICK company pursuant to the provisions of SICA. Company has been in constant touch with the lenders, financial institution and ARCs for settlement of dues.

DIVIDEND

Due to high accumulated loss, your Directors have not recommended dividend for the financial year 2015-16.

BUSINESS ACTIVITY

The company is engaged in manufacturing of wide range of Stainless Steel, alloy & Speical steel, Carbon/Mild Steel and Armour Steel in Flat and Long products. There has been no change in the nature of business of the Company.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Consolidated Financial Statements of the Company and its Associates, viz., SAL Steel Ltd., prepared in accordance with the relevant Accounting Standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors, form a part of the Annual Report and are reflected in the Consolidated Accounts.

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture. However, it has one associate company, details are as under:

S. No.	Name of the Company	CIN/GLN	CONCERN	% of shares held by Company	Applicable Section
1.	S.A.L. Steel Limited	L27100GJ1990PLC014698	Associate	35.61%	2(6)

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's associate in Form AOC-1 is attached to this report as **Annexure- 1**.

DEPOSIT

The Company has not accepted any public deposit during the year under review and no amount against the same was outstanding at the end of the year.

DETAILS OF LOANS, GUARANTEES AND INVESTMENTS U/S 186 OF THE COMPANIES ACT, 2013

During the year under review the Company has not made any inter corporate loans, investments, given any corporate guarantee to any other body corporate, subsidiary, associate or any other company.



SHAH ALLOYS LIMITED

REGULATORY STATEMENT

In conformity with provision of regulation 34(2)(c) & 53(b) of SEBI (LODR), Regulations 2015, the Cash Flow Statement for the year ended 31.03.2016 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd. and the National Stock Exchange of India Ltd. (NSE).

The Company has paid listing fees for the year 2016-17 to above stock exchanges.

DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION

During the year under review Union Bank of India has withdraw nomination of Shri Harbans Lal Rawal as nominee Director on the Board of the Company. There is no other change in the Composition of the Board or KMPs during the year under review.

MEETINGS OF THE BOARD

The Board met five times during the financial year. Details of meetings are given in the Corporate Governance Report annexed herewith and forms part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declarations from each Independent Director of the Company confirming that he/she met with the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD DIVERSITY

A diverse Board enables efficient functioning through differences in perspective and skill, and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. The Company follows diverse Board structure.

BOARD EVALUATION

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the formal annual evaluation was carried out for the Board's own performance, its committee & Individual directors. The manner and detail in which evaluation was carried out is stated in the Corporate Governance Report which is annexed and forms a part of this report.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

The details in respect of internal financial control and their adequacy are included in Management Discussion and Analysis Report, which forms part of this report.

CORPORATE GOVERNANCE REPORT

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2016, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite Certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of Corporate Governance is annexed to this Report.

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

As required under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are separately provided in the annexure to this report as **Annexure - 2**.

RISK MANAGEMENT POLICY

The Company had put in place an enterprise wide risk management framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives. The Audit committee ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities. The Committee reviews strategic decisions of the Company and on regular basis, reviews the Company's portfolio of risks and considers it against the Company's Risk Appetite. The Committee also recommends changes to the Risk Management Technique and / or associated frameworks, processes and practices of the Company.

VIGIL MECHANISM POLICY

The Company had implemented a vigil mechanism, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance of code of conduct to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the year under review none of the personnel has been denied access to the Chairman of Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

Company has earned a profit in the year under review. Accordingly, Company has constituted Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013 and the rules framed thereunder. Since the average net profits of the Company during immediately three preceding financial years is negative, provisions related to expenditure of atleast two percent of the average net profits in CSR activities is presently not applicable to the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In Compliance with Section 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and hereby confirm the following:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2016, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss account of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, independence and other matters as provided under subsection (3) of Section 178 of the Companies Act, 2013 is available on the Company's website at www.shahalloys.com.

DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013

There were no complaints pending for the redressal at the beginning of the year and no complaints received during the financial year.

PARTICULARS OF THE EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure- 3**. Particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not attached with this report since there was no employee who was in receipt of remuneration in excess of aggregate of ₹ 60,00,000 during the year if employed throughout the financial year or ₹ 5 lacs per month in the aggregate if employed for part of the year.

DETAILS OF RELATED PARTIES TRANSACTIONS PURSUANT TO SECTION 188(1) OF THE COMPANIES ACT, 2013

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis and as such did not attract provisions of Section 188 (1) of Companies Act, 2013. The Company has formulated policy on related party transactions. Particulars of related party transactions in prescribed Form AOC-2 is attached at **Annexure - 4**. Approvals from the Audit Committee are obtained even for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board. Details of related party transactions are given in the notes to financial statements.

STATUTORY AUDITORS

Members at its 25th Annual General Meeting held on September 24, 2015 approved the appointment of M/s. Talati & Talati, Chartered Accountants, as statutory auditors for the period as per provisions of the Act, subject to ratification in every Annual General Meeting. Company has received letter of consent and confirmation under section 141(1) the Companies Act 2013 for their appointment hence, the Board has now proposed to ratify the appointment of Statutory Auditors from conclusion of 26th Annual General Meeting to next Annual General Meeting to be held in 2017. Necessary Resolution for their appointment as the Statutory Auditors and fixing their remuneration is proposed to be passed at the Annual General Meeting.

Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under M/s. Ashish Bhavsar & Associates, Cost Accountants were appointed for auditing cost accounting records of the Company for the year ending 31st March, 2016.

Internal Auditor

The Company has appointed an Independent firm of Chartered Accountants to act as an Internal Auditor as per suggestion of auditors and recommendation of the Audit Committee in order to strengthen the internal control system for the Company.



SHAH ALLOYS LIMITED

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made The Board of Directors has appointed M/s Kamlesh Shah & Co., Practicing Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015-16. The report submitted by the Secretarial Auditor in Form MR-3 is attached to this report as **Annexure - 5**. The remark of secretarial auditor is self explanatory in nature.

BOARD'S RESPONSE ON THE REMARKS MADE BY STATUTORY AUDITORS

The Directors submit their explanations to then various observations made by the Auditors in their report for the year 2015-16. Para nos. of Auditors' Report and reply are us under:

Basis for Qualified Opinion – Para 1 of Standalone and Consolidated Independent Auditor's Report

Dues on account of maturity of foreign currency convertible Bonds (FCCB) on 22.09.2011 have been frozen on maturity due to sick company declared by Hon'ble BIFR u/s 3(1)(0) of SICA and accordingly exchange rate fluctuation has not been considered thereafter. Payment of FCCB shall be considered as per the scheme that may be considered by Hon'ble BIFR.

Annexure A to Independent Auditors' Report – Para 7 (i)

Payment of Statutory dues were marginally delayed on account of slow recovery / collection. However, the same has been paid.

Annexure A to Independent Auditors' Report – Para 8

As per the scheme sanctioned by CDR (EG), consortium bankers were required to give working capital for the optimal utilization of production capacity. However, in the absence of non availability of funds from the lenders, the accruals were not in line with the sanctioned scheme and hence Company could not utilize optimally its production capacity. In view of this, company was not able to make payments to banks/institutions and debenture holders as per the sanctioned scheme. However, before due date of repayment, Company had approached Hon'ble BIFR for declaring it as a Sick company under Section 3(1)(0) of the SICA and was declared so before the due date, i.e., September 2011. On account of sick status of the company, payments will be made as per the scheme as may be approved by the Hon'ble BIFR.

Most of the banks assigned the debts to various Asset Reconstruction Companies (ARCs). Company has entered into Settlement Agreements with INVENT in connection with dues of Union Bank of India and State Bank of India. Company has made proposal settlement with other banks, financial institution and ARCs. Company is actively negotiating with these ARCs' for settlement of debts and expecting a settlement soon. Since the matter is pending before Hon'ble BIFR and settlement proposals are under consideration.

Dues on account of maturity of Foreign Currency Convertible Bonds (FCCB) on 22.09.2011 have been frozen on maturity and accordingly exchange rate fluctuations has not been considered thereafter. Payment of FCCB shall be considered as per the scheme that may be considered by Hon'ble BIFR, matter is pending before Hon'ble BIFR, matter will be decided as per directions of the Hon'ble BIFR.

MATERIAL CHANGES / INFORMATION:

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial of the Company.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in Form MGT-9 in compliance with Section 92 of the Companies Act 2013 read with applicable rules made thereunder is annexed to this report at **Annexure - 6**.

APPRECIATION

Your Directors place on record their sincere appreciation for the valuable support and co-operation as received from government authorities, Financial Institutions, Banks and ARCs during the year. Directors are also thankful for the support extended by Customers, Suppliers and contribution made by the employees at all level. Directors would also like to acknowledge continued patronage extended by Company's shareholders in its entire endeavor.

For and on behalf of the Board

Date : 30th May 2016
Place : Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)



**ANNEXURE 1
Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Company does not have subsidiary company; therefore Part A is not applicable

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of associates/Joint Ventures	S.A.L. Steel Limited
1.	Latest audited Balance Sheet Date	March 31, 2016
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	a) No. of Shares	30256989
	b) Amount of Investment in Associates/Joint Venture	₹8,74,42,698.21
	c) Extend of Holding%	35.61
3.	Description of how there is significant influence	Equity holding
4.	Reason why the associate/joint venture is not consolidated	Not Applicable
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	(12,49,80,417)
6.	Profit/Loss for the year	
	i. Considered in Consolidation	120,93,93,654
	ii. Not Considered in Consolidation	124,38,86,654

- Names of associates or joint ventures which are yet to commence operations - None
- Names of associates or joint ventures which have been liquidated or sold during the year - None

For and on behalf of the Board of Directors

Rajendra V. Shah
Chairman

K.S. Kamath
Joint Managing Director

Ashok Sharma
Whole Time Director

Yashpal Mehta
Chief Financial Officer

Vinod Kumar Shah
Company Secretary

Date : 30th May, 2016
Place : Santej



ANNEXURE-2

Conservation of energy, technology absorption and foreign exchange earnings and outgo

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2016)

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:-

Your company gives priority to Energy conservation. It regularly reviews measures to be taken for Energy Conservation/Consumption and its effective utilization.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-

Your Company is highly power intensive industry and power is the basic requirements of manufacturing process. In order to reduce the cost per unit for power consumption, the Company has installed 40 MW Captive Power Plant.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The company is operating 40 MW Captive Power Plant in parallel with GETCO Grid and with the consumption of own power, Company saves substantial amount from the same.

(d) Total energy consumption and energy consumption per unit of production:

(I) POWER & FUEL CONSUMPTION

		2015-16	2014-15
1	ELECTRICITY		
	(a) Purchased		
	Unit (Kwh)	8,23,45,536	7,91,11,283
	Total Amount (₹)	42,56,55,469	43,91,31,013
	Rate / Unit (₹)	5.17	5.5
	(b) Own Generation		
	(i) <i>Through Diesel Generator Unit (Kwh)</i>		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) <i>Through Steam Turbine / Generator Unit (Kwh)</i>		
	Unit Per Kg of Lignite	Nil	Nil
	Cost Lignite / Unit (₹)	Nil	Nil
	Cost Coal / Unit (₹)	Nil	Nil
	Cost Coal & Lignite / Unit (₹)	Nil	Nil
2	COAL (Including Coal Fines)	Nil	Nil
	Quantity (MT)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
3	FURNACE OIL (used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
4	OTHERS - LIGNITE (used in the generation of steam)		
	Quantity (K Tonns)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil

(II) CONSUMTION PER M.T. OF PRODUCTION

Particulars of Product	2015-16	2014-15
Electricity (in Unit)	910	1445
Furnace Oil	NIL	NIL
Coal (Specify quantity)	NIL	NIL
Others	NIL	NIL

**B. TECHNOLOGY ABSORPTION**

Particulars	2015-16	2014-15
(I) Research and Development (R & D)		
1. Specific areas in which R&D carried out by the company.	NIL	NIL
2. Benefits derived as a result of the above R&D	NIL	NIL
3. Future plan of action:	NIL	NIL
a) Capital		
b) Recurring		
c) Total		
d) Total R&D expenditure as a percentage of total turnover		
(II) Technology absorption, adaptation:		
Company has not carried out research, development & innovation activities.		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL	NIL
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	NIL	NIL
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	NIL	NIL
a) Technology imported		
b) Year of import		
c) Has technology has been fully absorbed		
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Crores)

Particulars	2015-16	2014-15
1) EARNINGS & OUTGO		
a) Earnings	-	4.61
b) outgo	64.22	1.64

2) TOTAL FOREIGN EXCHANGE USED AND EARNED

As per notes on account

For and on behalf of the Board

Date : 30th May 2016
Place : Santej**Rajendra V. Shah**
(DIN: 00020904)
Chairman



ANNEXURE 3

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Company has Shri Ashok Sharma as Whole Time Director, Shri Srinivas Devidas Kamath as Joint Managing Director, Shri Yashpal Mehta as CFO and Shri Vinod Kumar Shah, FCS as Company Secretary. Total managerial remuneration paid to each of them during the current year and previous year are as under:

I. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Sr. no.	Name of director	Designation	Remuneration paid in current year	Remuneration paid in previous year	Total cost of remuneration of the employees	Percentage remuneration of director to total cost of remuneration
1	Shri Ashok Sharma	Whole Time Director	12,00,000	12,00,000	115585810	1.04%
2	Shri Srinivas Devidas Kamat	Joint Managing Director	12,92,400	12,92,400	115585810	1.12%
3	Shri Yashpal Mehta	CFO	9,75,840	9,75,840	115585810	0.84%
4	Shri Vinod Kumar Shah	Company Secretary	*15,00,000	10,20,000	115585810	1.30%

* includes arrears of previous year.

II. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

There was no increase in remuneration during the year 2015-2016.

III. The percentage increase in the median remuneration of employees in the financial year:

During the year the total remuneration of employees is ₹11,55,85,810 as against ₹ 14,68,15,029 in the previous year constituting a net decrease of ₹3,12,29,219 constituting 21.27%. This decrease in remuneration of employees was due to reduction in business activities.

IV. The number of permanent employees on the rolls of company:

There were 381 permanent employees on the rolls of company.

V. The explanation on the relationship between average increase in remuneration and company performance; NA

VI. Comparison of the remuneration of the Key managerial personnel against the performance of the company :

As the company is paying minimum managerial remuneration to its managerial personnel and the Company is the loss making one, the comparison of remuneration of each of the KMP with performance of the company is not comparable.

VII. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

Particulars	Details	
	BSE	NSE
Closing Market Price of shares of Company as on 31/03/2015	₹ 5.40/-	₹ 5.40/-
Closing Market Price of shares of Company as on 31/03/2016	₹ 9.15/-	₹ 9.20/-
Earnings Per share for the financial year ended on 31/03/2015	₹ (47.57)/-	
Earnings per share for the financial year ended on 31/03/2015	₹ (61.99)/-	

Regarding other information like Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies is not given since Company had made IPO more than 5 Years back. There was variation in the market price of shares of the company during



the year under review, share price of the Company move upto ₹ 15.15/- and closed at ₹ 9.15/- at the end of the year. Company's EPS before extra ordinary items is negative and hence PE Ratio is not given.

VIII. Comparison of the each remuneration of the key managerial personnel against the performance of the company;

As the company is paying minimum managerial remuneration to its managerial personnel and the Company is the loss making one, the comparison of remuneration of each of the KMP with performance of the company is not comparable.

Since WTDs are being paid minimum remuneration and other KMPs are getting remuneration as per prevailing industry norms, it is not possible to compare remuneration with the performance of the company.

IX. The key parameters for any variable component of remuneration availed by the directors; NOT APPLICABLE.

X. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

4 (Four) employees is receiving remuneration in excess than the remuneration of Director or Key Managerial Personnel.

XI. Affirmation that the remuneration is as per the remuneration policy of the Company.

All remuneration of the Employees and directors are paid as per remuneration policy of the Company.

For and on behalf of the Board

Rajendra V. Shah
Chairman
(DIN: 00020904)

Date : 30th May 2016
Place : Santej

**ANNEXURE 4
FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1 Details of contracts or arrangements or transactions not at Arm's length basis.								
	Name (s) of the related party	Nature of transaction	Duration of the transaction	Salient terms of the transaction	Justification for transactions'	Date of approval by the Board	Amount paid as advances	Date of special resolution
1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2 Details of material contracts or arrangement or transactions at arm's length basis							
	Name (s) of the related party	Nature of relationship	Nature of transaction	Duration of the transaction	Transactions value) in ₹	Date of approval by the Board	Amount paid as advances
1	S.A.L. Steel Ltd.	Associate	Purchase of Power	April 2015- March 2016	28,68,71,000	Since these RPTs are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
		Purchase of material	57,50,69,412				
		Sale of material	1,05,12,873				

For and on behalf of the Board

Rajendra V. Shah
Chairman
(DIN: 00020904)

Date : 30th May 2016
Place : Santej



ANNEXURE 5
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]
For the Financial Year ended 31st March, 2016

To,
The Members,
SHAH ALLOYS LIMITED
CIN: L27100GJ1990PLC014698

I have conducted secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHAH ALLOYS LIMITED** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the records of **SHAH ALLOYS LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and record maintained by **SHAH ALLOYS LIMITED (CIN:L27100GJ1990PLC014698)** for the financial year ended on 31.03.2016 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made thereunder **except the Register of Charges which is duly being maintained by the Company as per the Companies Act,2013. As the Register of Charge is not matching with the records of the Registrar of Companies(ROC) under Index of Charge, the Company has taken suitable actions for proper Alignment and deletion of duplication of certain Charges which are showing on the portal of Registrar of Companies (ROC) under Index of Charge;**
- (ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations,1992;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (g) The Securities and Exchange Board of India(Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) All the laws, rules, regulations as stated in the **Annexure – A** are applicable to the company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable w.e.f 1st day of July 2015 and not mandatory right now is also complied.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors and Independent Directors **woman director is appointed as per requirement of Section 149 Under the Companies Act, 2013 w.e.f. 13/**



07/2015. However, due to late appointment, the Company had paid penalty of ₹ 57,000 to Bombay Stock Exchange and ₹ 50,000 to National Stock Exchange.

The changes in the composition of the Board of Directors that took place during the period under review and necessary forms have been filed with Regulators. Form DIR-12 duly filed for the resignation Shri Harbans Lal Rawal from the designation of Nominee Director. However, filing of Form DIR 11 is the Responsibility of the Nominating Banking Institution / Retiring Director. We have not come across such form DIR-11 filed for the Resignation of Shri Harbans Lal Rawal.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes wherever applicable.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has not made any

- (I) Public/ Right/Preferential issue of shares/ debentures/sweat equity, etc.
- (II) Redemption/ buy-back of securities
- (III) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (IV) Merger/ amalgamation/reconstruction etc.
- (V) Foreign technical collaborations

**FOR KAMLESH M. SHAH & CO.,
PRACTICING COMPANY SECRETARIES**

**Place : Ahmedabad
Date : 26th May 2016**

**(Kamlesh M. Shah)
ACS: 8356, COP: 2072.**

ANNEXURE-A

Securities Laws

1. All Price Sensitive Information was informed to the stock exchanges from time to time
2. All investors complains directly received by the company are recorded on the same date of receipts.

Labour Laws

1. All the premises and establishments have been registered with the appropriate authorities.
2. The Company has not employed any child labour/ Bonded labour in any of its establishments.
3. The company is ensuring the compliances of PF/ESI and other social security measures to the contract employees. One of the responsible officers of the company carries out the survey regarding the compliance of this.

Environmental Laws

1. The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises.
2. The company has been disposing the hazardous waste as per applicable rules.

Taxation Laws

1. The company follows all the provisions of the taxation and Income Tax Act, 1961 and filing the returns at proper time with Income tax department and all other necessary departments.

**FOR KAMLESH M. SHAH & CO.,
PRACTICING COMPANY SECRETARIES**

**Place : Ahmedabad
Date : 26th May 2016**

**(Kamlesh M. Shah)
ACS: 8356, COP: 2072.**

**ANNEXURE – 6 TO THE DIRECTORS' REPORT****FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDING ON 31/03/2016****[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]****1) REGISTRATION AND OTHER DETAILS:**

SR. NO.	PARTICULARS	DETAILS
1	CIN	L27100GJ1990PLC014698
2	Registration date	23/11/1990
3	Name of the company	SHAH ALLOYS LIMITED
4	Category/ sub-category of the company	Company limited by shares/ Indian Non Government Company
5	Address of the registered office and contact details	5/1 Shreeji House, 5 TH Floor B/h M J Library Ashram Road Ahmedabad-380006 Gujarat
6	Whether listed company	YES
7	Name, address and contact details of registrar and transfer agent if any	BIGSHARE SERVICES PVT. LTD. E- 2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072 Phone: 022-28470652 Fax: 022-28475207 E-mail: info@bigshareonline.com Website:www.bigshareonline.com

2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	Ingots of iron & steel & other primary forms	24103	100%

3) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl No	Name & Address of the Company	CIN/GLN	CONCERN	% OF SHARES HELD BY COMPANY	APPLICABLE SECTION
1.	S.A.L. Steel Limited	L27100GJ1990PLC014698	ASSOCIATE	35.61%	2(6)


4) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year [As on 31-March-2014]				No of Shares held at the end of the year [As on 31-March-2015]				% Change during this year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) Indian									
a) Individual/ HUF	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
(2) Foreign									
a) NRI- Individual	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks. FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter [(A)(1)+(A)(2)]	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1746624	0	1746624	8.82	1746624	0	1746624	8.82	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	1746624	0	1746624	8.82	1746624	0	1746624	8.82	0
2. Non-Institutions									
a) Bodies Corp.	2747098	800	2747898	13.88	2742286	800	2743086	13.86	0.02
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lacs	3025052	491632	3516684	17.76	3354980	494532	3849512	19.44	1.68
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lacs	887935	12000	899935	4.55	588133	0	588133	2.97	1.58
c) Others (TRUSTS)	200	0	200	0	200	0	200	0	0
Non Resident Indians	146701	2000	148701	0.75	129125	2000	131125	0.66	0.70
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	9614	0	9614	0.05	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	7049350	506432	9998748	36.98	6824338	497332	7321670	36.98	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	7049350	506432	9998748	45.81					0
C. Shares held by Custodian for GDR & ADR	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	19291108	506432	19797540	100.00	19300208	497332	19797540	100.00	0



SHAH ALLOYS LIMITED

(ii) Shareholding of promoters

Name of promoter	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
Rajendrabhai V. Shah	7912404	39.97	7912404	7912404	39.97	7912404	NIL
Rajendrabhai V. Shah Huf	1531960	7.74	1531960	1531960	7.74	1531960	NIL
Ragini R Shah	1146006	5.79	1146006	1146006	5.79	1146006	NIL
Prakash V Shah	47000	0.24	0	47000	0.24	0	NIL
Karan R Shah	40000	0.20	0	40000	0.20	0	NIL
Jayesh V Shah	29936	0.15	0	29936	0.15	0	NIL
Ashvin V Shah	21940	0.11	0	21940	0.11	0	NIL
Total	10729246	54.19	10590370	10729246	54.19	10590370	NIL

(iii) Change In Promoter's Shareholding (Please Specify, If There Is No Change)

Name of promoter	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
Rajendrabhai V Shah	7912404	39.97	No change	7912404	39.97
Rajendrabhai V Shah Huf	1531960	7.74	No change	1531960	7.74
Ragini R Shah	1146006	5.79	No change	1146006	5.79
Prakash V Shah	47000	0.24	No change	47000	0.24
Karan R Shah	40000	0.20	No change	40000	0.20
Jayesh V Shah	29936	0.15	No change	29936	0.15
Ashvin V Shah	21940	0.11	No change	21940	0.11
TOTAL	10729246	54.19	No change	10729246	54.19

5) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDER (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Gujarat NRE Coke Ltd.	969769	4.90	969769	4.90
2	Satellite Mercantiles Pvt Ltd.	901361	4.55	901361	4.55
3	United India Insurance Company Limited	878577	4.44	878577	4.44
4	General Insurance Corporation Of India	868047	4.39	868047	4.39
5	Ambition Merchants Private Limited	549	0.00	394292	1.99
6	Adhunik Dealcom Private Limited	107625	0.54	107625	0.54
7	Mili Trading Pvt Ltd	100042	0.51	100042	0.51
8	Ashish J Bhavsar	55615	0.28	55615	0.28
9	Sanjay Mahendra Shah	55521	0.28	55521	0.28
10	Ravi Lalwani	47961	0.24	47961	0.24
	TOTAL	3985067	20.13	4378810	22.12

**6) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Shri Rajendra V. Shah Chairman of the Company holds 7912404 equity shares in the Company and no other Director or Key Managerial personnel have any shareholding in the company.

7) INDEBTEDNESS**INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT**

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	888,82,80,282	48,82,05,000	-	937,64,85,282
ii) Interest due but not paid	385,73,32,778	23,55,83,323	409,29,16,101	
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1274,56,13,059	72,37,88,323	-	1346,94,01,382
Change in Indebtedness during the financial year				
i) Principal Amount	(280,79,75,682)	-	-	(280,79,75,682)
ii) Interest due but not paid	(158,38,39,429)	-	-	(158,38,39,429)
iii) Interest accrued but not due	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	608,03,04,599	48,82,05,000	-	656,85,09,599
ii) Interest due but not paid	227,34,93,349	23,55,83,323	250,90,76,672	
iii) Interest accrued but not due				
Total (i+ii+iii)	835,37,97,948	72,37,88,323	-	907,75,86,271

8) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**a. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	SALARY	SHRI ASHOK SHARMA	12,00,000
		SHRI K.S. KAMATH	12,92,400
2.	Stock Option	NIL	-
3.	Sweat Equity	NIL	-
4.	Commission- as % of profit- others, specify...	NIL	-
5.	Others, please specify	NIL	-
	Total (A)	NIL	-
	Ceiling as per the Act	30,00,000 As per section (ii) part (ii) of schedule V.	



SHAH ALLOYS LIMITED

b. Remuneration to other directors:

Particulars of remuneration	Name of Directors					Nominee Directors	Total Amount
	Shri Dilip Kumar Sinha	Shri G M Shaikh	Shri Tejpal S Shah	Shri Harshad M Shah	Smt. Shefali M. Patel		
Fee for attending board committee meetings	5000	22500	22500	12500	7500	Nil	70000
Commission	0	0	0	0	0	0	0
Others, please specify	0	0	0	0	0	0	0
Total (1)	5000	22500	22500	12500	7500	Nil	70000

9) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		CS Shri Vinod Kumar Shah	CFO/CEO Shri Yashpal Mehta	
1	Gross salary	15,00,000	9,75,840	24,75,840
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission	N.A.	N.A.	N.A.
	- as % of profit	N.A.	N.A.	N.A.
	others, specify...	N.A.	N.A.	N.A.
5	Others, please specify	N.A.	N.A.	N.A.
	Total	15,00,000	9,75,840	24,75,840

10) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (giveDetails)
A. COMPANY					
Penalty	No	No	No	No	No
Punishment	No	No	No	No	No
compounding	No	No	No	No	No
B. DIRECTORS					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No
C. Other Officers In Default					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No

**CORPORATE GOVERNANCE REPORT**

[Pursuant to Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 “Listing Regulations”]
Detailed report on Corporate Governance for the financial year ended March 31, 2016, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out below:

1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company implements and practices the principles of Corporate Governance based on fairness, transparency, integrity, honesty and accountability consistently being followed in all its business practices and dealings.

The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit.

2. BOARD OF DIRECTORS :**COMPOSITION AND CATEGORY**

Composition of Board and Directorship held as on March 31, 2016 and numbers of meetings held and attended during the year are as follows:

Name of Director	Category	Numbers of Board Meetings.		No. of Directorships held	Committee Memberships held in other companies		Whether attended last AGM
		Held during the year	Attended during the Year		as member	as Chairman	
NON-EXECUTIVE DIRECTOR							
Shri Rajendra V.Shah	Promoter Non- Executive Chairman	5	5	1	Nil	Nil	Yes
EXECUTIVE DIRECTORS							
Shri Kondadi S Kamath	Non Promoter Executive Director	5	5	Nil	Nil	Nil	Yes
Shri Ashok A Sharma	Non Promoter Wholetime Director	5	5	Nil	Nil	Nil	Yes
INDEPENDENT DIRECTORS							
Shri G.M. Shaikh	Non – Executive & Independent	5	5	1	Nil	Nil	Yes
Shri Harshad M. Shah	Non-Executive & Independent	5	5	1	3	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	5	5	1	Nil	Nil	No
Shri Dilip Kumar Sinha	Non-Executive & Independent	5	3	1	Nil	Nil	No
Smt. Shefali M. Patel	Non-Executive & Independent	4	4	1	Nil	Nil	Yes
NOMINEE DIRECTORS							
Shri Harbans Lal Rawal	Nominee Director of UBI	5	0	Nil	Nil	Nil	No

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independence of the Board and to separate the board functions of governance and management. The Board currently comprises of two Executive Directors and Six Non-Executive Directors including the Chairman of the Board. Nominee Director resigned w.e.f. 29.03.2016 and hence he was not considered in composition of Board.



SHAH ALLOYS LIMITED

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year, the Board met 5 times:

- May 22, 2015
- July 13, 2015
- August 13, 2015 (adjourned and held on August 14, 2015)
- November 6, 2015
- February 3, 2016

Independent Directors' Meeting

Independent Directors met on February 3, 2016 without presence of Non- Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company's Management and the Board.

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

None of the Directors are related to each other.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

As on March 31, 2016, Shri Rajendra V. Shah, Chairman of the Company held 79,12,404 shares in the equity share capital of the Company. None of the other Non-Executive Directors hold any equity shares in the Company.

DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS

Pursuant to regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company should familiarise the independent directors through various programs about the Company. During the financial year, senior management team has from time to time made presentations to Directors giving an overview of the Company's operations, function, strategy and risk management plan of the Company.

3. COMMITTEES OF THE BOARD

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is governed by its Charter which outlines the scope, roles, responsibilities and powers. All the decisions and recommendations of the Committee are placed before the Board for its approval.

The various Board level Committees are as under:-

- Audit Committee;
- Nomination & Remuneration Committee; and
- Stakeholders Relationship Committee

AUDIT COMMITTEE:

The terms of reference of the Audit Committee are wide enough to cover matters specified for Audit Committees under Regulation 18 of the SEBI (Listing Obligations and Disclosure requirements), Regulations 2015 as well as in Section 177 of the Companies Act, 2013 besides other terms as may be referred to by Board of Directors from time to time.

The Audit Committee comprises of three non-executive Directors and two of them are Independent Directors.

During the period under review, four Audit Committee meetings were held respectively on 22.05.2015, 13.08.2015 (adjourned and held on 14.08.2015), 06.11.2015 and 03.02.2016.

The composition of the Audit Committee and attendance at its meetings is given hereunder:

Name of Director	Position	No. of Meetings	Meetings attended
Shri G.M. Shaikh	Chairman	4	4
Shri Tejpal Shah	Member	4	4
Shri Rajendra V. Shah	Member	4	4

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

4. NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three independent Non-executive directors viz. Shri G M Shaikh – Chairman, Shri Tejpal Shah and Shri Harshad M. Shah.



During the period under review, three meetings of Nomination And Remuneration Committee were held on 22.05.2015, 13.07.2015, 06.11.2015.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	3	3
Shri Tejpal Shah	Member	3	3
Shri Harshad M. Shah	Member	3	3

Nomination and Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole Time Directors and KMPs based on performance and defined criteria.

Board Evaluation

Pursuant to section 134 of the Companies Act, 2013, the Board is responsible for the formal Annual Evaluation of its own performance, of its committee & Individual Directors. Further, as per regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, performance evaluation of the Independent Directors shall be done by entire Board of Directors, excluding directors being evaluated.

During the year, Board in concurrence with Nomination & Remuneration Committee has laid down the evaluation criteria for itself, Committees, Chairperson, Executive and Non- Executive Directors and Independent Directors. The evaluation was carried out through a structured questionnaire covering various aspects of the functioning of the Board of Directors.

The following broad parameters were considered to evaluate the performance of the independent Directors:

- Integrity, maintenance of high standard and confidentiality;
- Commitment and participation at the Board & Committee meetings;
- Effective deployment of knowledge and expertise;
- Exercise of independent judgment in the best interest of Company;
- Interpersonal relationships with other directors and management.

The following broad parameters were considered to evaluate the performance of the Board and Committees:

- Size, structure and expertise of the Board/Committees;
- Review of strategies, risk assessment, robustness of policies and procedures by Board;
- Oversight of the financial reporting process & monitoring Company's internal control system;
- Quality of agenda, conduct of meeting, procedures and process followed for effective discharge of functions;
- Effective discharge of functions and duties by Committee as per terms of reference;
- Appropriateness and timeliness of the updates given on regulatory developments;
- Board's engagement with senior management team.

Feedback received on evaluation process was discussed in detail by the Chairman of the Board with Directors and, independent and collective action points for improvement put in place.

The Directors recognised that Board and Committees are functioning effectively and acknowledged the efforts and contributions made by the Chairperson, Executive and Non- Executive Directors and Independent Directors towards the Company's performance.

5. Remuneration of Directors

a. All Pecuniary Relationship or Transactions of the Non- Executive Directors

There were no pecuniary relationship or transactions of the non-executive directors vis a vis the Company.

b. Criteria for Making Payment to Non- Executive Directors

Role of Non-Executive/Independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas. The Company seeks their expert advice on various matters from time to time. Hence, the compensation to the non-executive/independent directors is recommended.

c. Compensation/Fees Paid to Non-Executive Directors

Non-Executive Independent Directors were paid sitting fees for attending the Board and Committee Meetings.



SHAH ALLOYS LIMITED

d. Details of Remunerations

Details of remuneration and sitting fees paid or provided to all the directors during the year ended March 31, 2016 are as under:

(Amount in ₹)

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Kondadi S Kamath	Nil	12,92,400	Nil	12,92,400
Shri Ashok Sharma	Nil	12,00,000	Nil	12,00,000
Shri G. M Shaikh	22,500	Nil	Nil	22,500
Shri Harshad M. Shah	12,500	Nil	Nil	12,500
Shri Dilip Kumar Sinha	5,000	Nil	Nil	5,000
Shri Tejpal S. Shah	22,500	Nil	Nil	22,500
Smt. Shefali M. Patel (w.e.f. 13.07.2015)	7,500	Nil	Nil	7,500
Shri Harbans Lal Rawal	Nil	Nil	Nil	Nil

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Committee is empowered to oversee the redressal of Investors' complaints and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

During the period under review, three meetings of Stakeholders' grievance Committee were held on 22.05.2015, 06.11.2015 and 03.02.2016.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	3	3
Shri Tejpal Shah	Member	3	3
Shri Ashok Sharma	Member	3	3

Name and designation of Compliance Officer

Shri Vinod Kumar Shah, Company Secretary has been appointed as Compliance Officer of the Company as per regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to discharge all duties under the listing regulations.

Details of Shareholders Complaints

The details of shareholders complaints received and resolved till March 31, 2016 are as under:

No. of shareholders' complaints received during the year	: 15
No. of complaints not resolved to the satisfaction of shareholders	: Nil
No. of pending Complaints	: Nil
No. of complaints resolved during the year	: 15

7. GENERAL BODY MEETING

Date, Time and Venue of the last three Annual General Meetings:

Year	Date	Time	Venue	No. of Special Resolution Passed
2012-13	September 24 th , 2013	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2013-14	September 24 th , 2014.	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2014-15	September 24 th , 2015.	05:00 P.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	2



1. No extra-ordinary general meeting of the shareholders was held during the year.
2. Postal ballot: during the year under review, no resolution was put through by postal ballot.

8. MEANS OF COMMUNICATION

- a. All Quarterly / Annual financial results are immediately sent to stock exchanges after being taken on record by the Board.
- b. As per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- c. The Company's website www.shahalloys.com contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

9. GENERAL SHAREHOLDERS INFORMATION

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L29199GJ2003PLC043148.

a) Annual General Meeting.

Date : 24th September, 2016

Time : 11:30 A.M.

Venue : SAL Institute & Engineering Research, Opp. Science City, Ahmedabad: 380 060.

b) Financial Year

For accounting and financial reporting purpose, Company follows Financial Year which starts from 1st April each year and ends on 31st March of every succeeding year.

The Quarterly Results for the financial year 2016-17 will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30th June 2016 : By 14th August 2016

Quarter ending 30th September 2016 : By 14th November 2016

Quarter ending 31st December 2016 : By 14th February 2017

Quarter ending 31st March 2017 : By 30th May 2017

c) Dividend Payment Date : Not Applicable

d) Listing on Stock Exchange : **Bombay Stock Exchange Ltd.(BSE)**
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001
Scrip Code: 513436

: **National Stock Exchange of India Ltd (NSE)**
"Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400051
NSE Symbol: SHAHALLOYS

Company has paid listing fees in respect of financial year 2016-2017 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Demat ISIN No. for NSDL and CDSL : INE640C01011

e) Stock code : **Bombay Stock Exchange Ltd.(BSE)**
Scrip Code : 513436

: **National Stock Exchange of India Ltd (NSE)**
NSE Symbol : SHAHALLOYS

**f) Share Price Data**

(₹ per share)

Month	Price at BSE		Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 15	5.94	4.61	5.95	4.25
May' 15	5.75	4.36	5.50	4.30
June' 15	5.31	4.35	5.00	3.80
July' 15	4.88	4.87	4.75	3.95
Aug' 15	5.40	5.37	4.70	4.10
Sept' 15	5.80	4.77	4.40	3.85
Oct' 15	5.35	4.04	5.25	4.00
Nov' 15	7.26	5.08	6.90	4.70
Dec' 15	10.18	6.25	9.05	6.00
Jan' 16	15.15	9.08	14.35	9.40
Feb' 16	10.19	7.62	10.05	7.75
Mar' 16	9.50	7.29	10.00	6.80

g) Registrar to an Issue and Share Transfer Agents

The members of the Company may address all it communication relating to transfer, transmission, Refund order, Dividend, National Electronic Clearing system (NECS) dematerialisation etc. to Company's Share Transfer agent i.e. Bigshare Services Private Limited at the below address and may also write to the Company.

Bigshare Services Private Limited

(Unit: Shah Alloys Limited)

E2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072.

Board No. : 022 4043 0200 Fax No. : 022 2847 5207 Email id.: info@bigshareonline.com

h) Share Transfer System

All transfers of shares held in physical form are dealt by our Registrar and Share Transfer Agents. Presently the share transfers received in physical form are processed and registered within prescribed time periods (15) days from the date of receipt subject to the documents being valid and complete in all respects. Depositories control share transfers in Demat Mode. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance in respect of compliance with share transfer formalities as required under Regulations 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the stock exchanges.

i) Shareholding pattern as on 31st March, 2016

Category	No. of Shares	%
Promoters	10729246	54.19
Clearing Members	9614	0.05
Indian Public	4437645	22.42
Domestic Companies	2743086	13.86
Nationalized Bank/ Insurance Company	1746624	8.82
NRI	131125	0.66
Trust	200	0.00
Total	19797540	100.00

**Distribution of shareholding as on 31st March, 2016**

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 500	1185907	5.9902	6585	81.8521
501 - 1000	597202	3.0165	732	9.0988
1001 - 2000	536423	2.7095	347	4.3132
2001 - 3000	306142	1.5464	120	1.4916
3001 - 4000	272310	1.3755	76	0.9447
4001 - 5000	161201	0.8142	34	0.4226
5001 - 10000	566191	2.8599	78	0.9695
10001 & above	16172164	81.6877	73	0.9074
Total	19797540	100.00	8045	100.00

j) Dematerialization of Shares and Liquidity

On March 31st 2016, nearly 97.50% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized.

k) Plant Location:

The Company's plant is located at:

2221/2222, Shah Industrial Estate, Sola-Kalol Road, Santej, Taluka Kalol, Dist. Gandhinagar- 382721

l) Registered & Administrative Offices:**Registered Office**

5/1, Shreeji House,
Behind M. J. Library, Ashram Road
Ahmedabad – 380006, Gujarat

Administrative Office:

Corporate House,
Sola-Kalol Road, Village Santej,
Dist: Gandhinagar, Gujarat – 382721

m) Address for Investor Correspondence:

In case any problem or query shareholders can contact at:

Name : Company Secretary and Compliance officer
Address : Shah Alloys Corporate House, Sola-Kalol Road, Santej, Dist. Gandhinagar, Gujarat 382 721
Phone : 91-02764-661100/11
Fax : 91-02764-661110
Email : sal.investor@shahalloys.com; info@shahalloys.com

Shareholders may also contact Company's Registrar & Share Transfer Agent at:

Name : Bigshare Services Private Limited
Address : E2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072.
Board No. : 022 4043 0200
Fax No. : 022 2847 5207
Email id. : info@bigshareonline.com
Website : www.bigshare.com

OTHER DISCLOSURES :**Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:**

There is no materially significant related party transaction that may have potential conflict with the interests of the Company at large have been entered.

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013, relating to approval of shareholders. However, prior approvals from the Audit Committee are obtained for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board. Details of related party transactions are also presented in the notes to financial statements.

The Company has formulated the policy on materiality of related party transactions and on dealing with related party transactions and it is available at the website of the Company at: <http://www.shahalloys.com>

Details of non-compliance by the listed entity, penalties and structures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

Pursuant to Section 149 of the Companies Act, 2013 and erstwhile Clause 49 of Listing agreement, Company delayed in appointment of women director on the Board and accordingly BSE and NSE imposed penalty on the Company in the Financial Year 2015-16. No other statutory authority or the Board has imposed penalty on any matter related to capital markets, during the last three years.



SHAH ALLOYS LIMITED

Establishment of vigil mechanism and affirmation that no personnel have been denied access to the audit committee

The Company has implemented a Vigil Mechanism Policy, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance to code of conduct to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the financial year none of the personnel has been denied access to the audit committee.

Corporate Governance Compliance Certificate

Compliance Certificate from M/s Kiran Kumar Patel, practicing company secretaries, as regarding compliance of conditions of corporate governance is annexed with corporate governance report.

DISCLOSURE OF ACCOUNTING TREATMENT

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014.

CEO AND CFO CERTIFICATION

As required by Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, CFO has given Compliance Certificate on financial statements to the Board of Directors.

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL UNDER REGULATION 17(5) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015

I, K S Kamath, Joint Managing Director of the Company, hereby certify that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchange. Company has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company.

We further confirm that during the year, none of the Directors or any of the Key managerial persons had done any trading in shares of the Company in the secondary market. Further the company had not made any allotment of shares to any Directors or any of the key managerial personnel during the year.

The above Report was adopted by the Board at their meeting held on 30th May 2016.

For, Shah Alloys Limited

(K.S. Kamath)

Joint Managing Director

(DIN 00261544)

Place : Santej

Date : 30.05.2015

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

SHAH ALLOYS LIMITED

We have examined the compliance of conditions of Corporate Governance by Shah Alloys Limited ('the Company'), for the year ended 31st March ,2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in the Listing Regulations for the period 1st December, 2015 to 31st March ,2016.

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

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

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

FOR, K.K PATEL AND ASSOCIATES

Company Secretaries

Kiran Kumar Patel

Company Secretary

CP No. 6352

Place : Gandhinagar

Date : 30/05/2016



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

India is the fourth largest producer of steel. It is a core industry for, as well as primary and secondary employment generation. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output. India's steel demand growth to be the highest among major steel-producing nations at 5.4% to 83.8 MT in 2016, even as demand will fall globally by 0.8% to 1,488 MT after shrinking 3% in 2015. It is expected that India's steel demand would further grow by 5.4% in 2017. It is expected that consumption per capita would increase supported by rapid growth in the industrial sector, and rising infra expenditure projects in railways, roads & highways, etc

OPPORTUNITIES AND THREAT

Opportunities:

The Indian steel industry is expected to register exponential growth in the future, riding on increasing urbanization, and projected growth of infrastructure, automobile and real estate sectors. By imposing anti-dumping duty, safeguard duty on imported steel products and policy announcement on minimum import price (MIP). The government has also notified Mines and Minerals (Development and Regulation) Amendment Act, 2015 to streamline grant of mining leases in order to maintain sufficient availability of raw materials for the various sectors including steel sector. After these steps, the pressure on the steel industry is gradually coming down.

Threats:

Indian Steel Industry is passing through stress for some time due to rising imports. The industry faces external as well as internal threats. China and Russian producers will keep flooding the market directly or indirectly. The manufacturing cost in India remains high and with coal getting auctioned, it will only go up further. Rising cost of raw material, fuel, power prices coupled with unforeseen general macro economic factors and political turmoil may affect the industry adversely.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review company concentrated on manufacturing of Bars, beams, flats, plate, coil, slab, billets etc. Production of bars, beams and flats during the year was 630.024 MT as compared to 1,058.930 MT in the previous year. Accordingly sales during the year was 2,433.975 MT. Increase in the sale was due to opening stock at the beginning of the year. Production of plate & coil during the year was 38,105.827 MT as compared to 51,019.070 MT in the previous year. Accordingly sales during the year was 39,173.284 MT as compared to 47,316.701 MT in the previous year. Likewise production of Slab, billets etc. was 50,126.913 MT as compared to 2,685.094 MT. Accordingly sales during the year was 48,878.465 MT as compared to 5,292.585 MT in the previous year. Total production of all items taken together increased from 54,763.094 MT to 88,862.754 MT registering increase by 30%. Accordingly total sales during the period increased from 54,502.046 MT to 90,485.724 MT registering increase by 66%.

During the year under review Net Turnover of the Company has been decreased marginally from ₹ 265.82 crores to ₹ 262.37 crores as compared to previous year's turnover. There is marginal reduction in turnover since production of bars, beams, flats, plate & coil was reduced considerably on account reduction in demand of these items. Company has registered a net profit of ₹ 123.17 crores in comparison to the loss of ₹ 135.18 crores during previous year. Main reason for profit during the year under review was settlement of dues with ARCs on account of reversal of interest and waiver of principal debts. Many a banks had transferred their debts to ARCs and finally dues were settled with few ARCs. Settlement of dues has been made as per directions of Hon'ble BIFR since the company had been declared as SICK Company pursuant to the provisions of SICA.

OUTLOOK

The global steel market is suffering from insufficient investment expenditure and continued weakness in manufacturing sector. With the imposition of the MIP, the Indian steel market has become a closed box. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly being used in engineering industries such as power generation, petrochemicals and fertilizers. India occupies a central position on the global steel map, with the establishment of new state-of-the-art steel mills, acquisition of global scale capacities by players, continuous modernization and up gradation of older plants, improving energy efficiency and backward integration into global raw material sources. India's prospects are brightening due to low oil prices, the reform momentum and policies to increase infrastructure and manufacturing output. India's steel demand will increase by 5.4 per cent in both 2016 and 2017 reaching 88.3 MT in 2017. On the outlook, economic environment facing steel industry continues to be challenging with China's slowdown impacting globally across a range of indicators contributing to volatility in financial markets, sluggish growth in global trade and low oil and other commodity prices.

Steel industry derives its demand from other important sectors like infrastructure, aviation, engineering, construction, automobile, pipes and tubes etc. With the Indian economy poised for its next wave of growth under the reforms being unleashed during recent past, there lies tremendous opportunity for the Indian steel industry to prosper and grow exponentially.

The present government's 'Make in India' campaign is aimed at transforming the country into a global manufacturing hub and creating millions of jobs for those who will join the workforce in the coming years. Besides 'Make in India', present government's flagship programmes, such as the 'Smart Cities Mission' and the 'Housing for All by 2022' will boost the industry.



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RISK AND CONCERNS

The process of Risk Management in the company identifies inherent risks in its operations and records residual risk after taking specific risk mitigation steps. The company has identified and categorized risks in the areas of Operations, Finance, Marketing, Regulatory Compliances and Corporate matter. Company has identified risks of working capital on account of sick status of the company, Government policy and political structure, competition, Exchange rate fluctuation etc. and accordingly taking appropriate steps to guard against these identified risks.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate internal control procedures commensurate with its size and nature of its business. The objectives of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial statements and due compliance of statutes and Company's policies and procedures.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company is working on enhancing its competencies to take care of current and future business. Its employee strength as on March 31, 2016 was 381. Human Resource and Industrial Relations departments have developed systems and policies on recruitment, performance management, learning and development, and employee engagement. The Workers union of the Company has maintained healthy and cordial industrial relations, and has been an equal partner in implementing Company's policies and achieving stretched operational targets, year on year.

CAUTIONARY NOTE

Statements in Management Discussion and Analysis Report describing the Company's expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence Company's operations include global and domestic supply & demand conditions affecting selling prices of finished goods, input availability and prices, changes in the government regulations, tax laws, economic development within the country and other factors such as litigations and industrial relations.



INDEPENDENT AUDITOR'S REPORT

To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Financial Statements

We have audited the accompanying financial statements of Shah Alloys Limited ('the Company'), which comprise the Balance sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis for Qualified Opinion

1. *The Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2016, which constitutes a departure from the Accounting Standard - 11, "The Effects of Changes in Foreign Exchange Rates", which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2016. The Company's record indicate that had management done the provision, the Exchange loss for the Year ended 31st March 2016 would have been higher by ₹ 5,54,78,504/-. Accordingly, profits for the Year ended 31st March 2016 has been over-stated by ₹ 5,54,78,504/- and negative balance of reserves and surplus has been understated by ₹ 25,96,30,086/- as at 31st March 2016.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) In case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016,
- 2) In case of the Statement of profit and loss, of the profits for the year ended on that date
- 3) In case of the Cash flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the Financial Statements:

- 1) Note No 39 to the financial statements regarding the Company having accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred a net loss during the previous years and, the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material



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uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis.

- 2) Note No 34 to the financial statements, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.
- 3) During the year ended 31st March 2016, the company has carried out a techno-economic assessment for the valuations of its Capital Projects to identify the impairment loss and provision thereof, if any. Based on the said techno-economic assessment of the Capital Projects, the Company has provided for ₹ 3,58,50,355/- as per Note 40 to the financial statements. The same is in accordance with the notified Accounting Standard 28 on Impairment of asset which states that impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.
- 4) Note 42 to the Financial Statements about the settlement agreement entered into by the company with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited.

The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 146,15,00,000/- towards full and final settlement against the total liability (Principal and Interest) of ₹ 607,34,85,227/- - resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-, the waiver of liability of Principal portion of ₹ 213,94,42,763/- has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 247,25,42,464/- has been offered as Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2016.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A , a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance sheet, the Statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) The going concern matter as described in sub-paragraph (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21 to the financial statements;
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Umesh Talati
Partner

Mem No. : 034834

Place : Ahmedabad
Date : May 30, 2016



ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independents Auditor's Report to the members of the Company on the Standalone financial statement for the year ended 31st March 2016, we report that:

1. In respect of its Fixed Assets:
 - i) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
 - ii) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
 - iii) According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of the immovable properties held are in the name of the company.
2. In respect of its inventories:

As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. In respect of Loans, Secured or Unsecured granted by the company to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) & (c) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company.
4. The Company has complied with the provision of Section 185 & 186 of Companies Act, 2013 with respect of loans, investments and guaranty made.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records as specified under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. In respect of the Statutory dues:
 - i) *According to the records of the company, undisputed Statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been generally regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date of becoming payable.*
 - ii) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues of ₹ 27,02,89,483/- have not been deposited as on 31st March, 2016 on account of matters pending before the appropriate authorities. The details of which are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where the dispute is pending	Amount involved (in ₹)
1	Income Tax Act, 1961	Income Tax	1997-98	Gujarat High court	1,30,000/-
2	Sales Tax Act	Sales Tax	1995-96	Deputy commissioner of Sales Tax (Tribunal) Ahmedabad	6,99,000/-
3	Gujarat Value Added Tax Act, 2003	Value Added Tax	2006-07	Deputy Commissioner, VAT Ahmedabad	3,81,27,791/-
4	Central Excise Act, 1944	Excise Duty and Service Tax	1997-98, 1998-99 and 2004-05 to 2014-15	Central Excise & Service tax Appellate Tribunal / Joint / Deputy Commissioner of Central Excise/ Additional Commissioner of Central Excise	23,13,32,692/-

8. *Consequent upon the sanction of the restructuring package given under CDR mechanism by banks & financial institution, the company was required to start repaying the loans sanctioned by banks/institutions and debenture holders from June 2011 onwards, however the*



SHAH ALLOYS LIMITED

company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Working Capital facilities, Term Loan, WCTL, Non-convertible Debentures, Funded Interest Term Loans, Interest payable on the said facilities are as under:

NAME OF THE BANK/F.I.	NATURE OF FACILITY	Amount (in ₹) of Default as at 31-03-2016	Period Of Default (No of Days)
IDBI BANK	Working Capital	26 10 45 535	1-2131 days
	Non Convertible Debenture	6 04 16 667	1 -1736 days
	Term Loan	12 08 33 333	1 -1736 days
	Funded Interest Term Loan	7 58 75 594	1 -821 days
	Interest payable	10 92 66 519	1-2070 days
KARUR VYSYA BANK	Term Loan	15 10 41 667	1 -1736 days
	Funded Interest Term Loan	4 57 77 676	1 -821 days
	Interest payable	6 09 36 463	1-1791 days
AXIS BANK	Working Capital	9 46 34 923	1-2101 days
	Working Capital Term Loan	5 41 33 333	1 -1736 days
	Funded Interest Term Loan	1 22 17 104	1 -821 days
	Interest payable	13 07 04 984	1-2101 days
HDFC BANK	Term Loan	7 22 86 368	1 -1736 days
	Funded Interest Term Loan	2 24 70 581	1 -821 days
	Interest payable	7 31 28 186	1-1827 days
BANK OF BARODA	Working Capital	49 87 22 365	1-2162 days
	Working Capital Term Loan	19 99 79 166	1 -1736 days
	Term Loan	2 06 32 292	1 -1736 days
	Funded Interest Term Loan	5 00 73 649	1 -821 days
	Interest payable	41 30 86 393	1-2131 days
ORIENTAL BANK OF COMMERCE	Term Loan	9 45 15 553	1 -1736 days
	Funded Interest Term Loan	2 07 86 890	1 -821 days
	Interest payable	2 22 40 214	1-1096 days
INDIAN OVERSEAS BANK	Non Convertible Debenture	6 04 16 667	1 -1736 days
	Funded Interest Term Loan	3 42 07 322	1 -821 days
	Interest payable	2 01 09 516	1-2070 days
BANK OF MAHARASHTRA	WCTL	5 01 45 821	1 -1736 days
	Working Capital	20 10 09 696	1-2221 days
	TERM LOAN	1 64 16 732	1 -1736 days
	FITL	1 62 87 471	1 -821 days
	Interest payable	20 65 56 584	1-2070 days
PUNJAB NATIONAL BANK	Working Capital	25 07 36 016	1-2131 days
	WCTL	4 62 14 433	1 -1736 days
	TERM LOAN	13 74 63 931	1 -1736 days
	FITL	4 31 56 034	1 -821 days
	Interest payable	39 27 03 456	1-2070 days
L.I.C. OF INDIA	TERM LOAN	3 88 34 625	1 -1736 days
	FITL	1 85 00 570	1 -821 days
	Non Convertible Debenture	48 33 33 333	1 -1736 days
	Interest payable	84 02 79 077	1-2070 days

Moreover, the Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due on 22nd September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of Rs 10 each at a premium of Rs 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by Rs 2,64,11,430 and Share Premium by Rs 43,57,88,570/-. If Bonds are not converted, the company will have to repay the



bonds at a premium & in US Dollars. The company has provided the premium till 22nd September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of the Companies Act, 2013.

However, the company has defaulted in repayment of the foreign currency convertible bond (FCCB) dues on its maturity. The default is subsisting since 1652 days.

9. According to the records of the company, the company has neither raised any monies by way of Initial Public Offer or Further Public Offer nor has the company obtained any term loan. Hence, in our opinion, the requirements of clause (ix) of Paragraph 3 of the Order do not apply to the Company.
10. Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officers and employee has been noticed or reported for the year under audit.
11. The Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
12. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a nidhi company. Hence, in our opinion, the requirements of clause (xii) of Paragraph 3 of the Order do not apply to the Company.
13. The Company has complied with Section 177 and 188 of Companies Act, 2013, in respect of transactions with the related parties and relevant details have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or full or convertible debentures during the year under review. Hence, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
15. The Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause (xv) of paragraph 3 of the Order are not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

**For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)**

**Place : Ahmedabad
Date : May 30, 2016**

**Umesh Talati
Partner
Mem No. : 034834**



SHAH ALLOYS LIMITED

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHAH ALLOYS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Shah Alloys Limited (the Company) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed 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. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Umesh Talati
Partner

Mem No. : 034834

Place : Ahmedabad
Date : May 30, 2016


Balance Sheet as at March 31, 2016

(Amount ₹ in Lacs)

	Note No	As At 31 st March 2016	As At 31 st March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
(a) Share Capital	3	1,979.75	1,979.75
(b) Reserves and Surplus	4	(39,092.67)	(72,925.97)
		(37,112.92)	(70,946.22)
(2) Non-Current Liabilities:			
(a) Long Term Borrowings	5	24,006.07	25,436.56
(b) Other Long Term Liabilities	6	35.00	964.59
(c) Long Term Provisions	7	117.06	130.34
		24,158.13	26,531.49
(3) Current Liabilities:			
(a) Short Term Borrowings	8	13,061.49	31,698.01
(b) Trade Payables	9	7,316.24	5,997.72
(c) Other Current Liabilities	10	55,641.51	80,679.14
(d) Short Term Provisions	11	450.65	414.17
		76,469.89	118,789.04
TOTAL		63,515.10	74,374.31
II. ASSETS			
(1) Non-Current Assets:			
(a) Fixed Assets	12		
(i) Tangible Assets		15,694.42	17,510.50
(ii) Capital work-in-progress		900.50	1,259.00
(b) Non-Current Investments	13	874.42	529.49
(c) Long Term Loans and Advances	14	227.02	226.72
(d) Deferred Tax Assets (Net)	15	34,815.71	41,291.30
		52,512.07	60,817.01
(2) Current Assets:			
(a) Inventories	16	8,243.23	8,177.30
(b) Trade Receivables	17	993.54	1,518.37
(c) Cash and Cash equivalents	18	305.41	100.04
(d) Short Term Loans and Advances	19	1,460.85	3,760.49
(e) Other Current Assets	20	0.00	1.10
		11,003.03	13,557.30
TOTAL		63,515.10	74,374.31
The accompanying notes are an integral part of these financial statements.	1 to 43		

As per our Report of even date
For Talati & Talati

 Chartered Accountants
 FRNo: 110758W

Umesh Talati

 Partner
 M.No. 034834

 Place : Ahmedabad
 Date : May 30, 2016

**For and on behalf of the Board
 Shah Alloys Limited**

Rajendra V. Shah	Chairman
K.S. Kamath	Jt. Managing Director
Ashok Sharma	Whole Time Director
Yashpal Mehta	V.P. & CFO
Vinod Kumar Shah	Company Secretary

 Place : Santej
 Date : May 30, 2016


Statement of Profit and Loss for the Year ended 31st March 2016

(Amount ₹ in Lacs)

	Note No	Year ended on 31 st March 2016	Year ended on 31 st March 2015
I. Revenue from operations	22	29,224.20	29,270.17
Excise duty		(3,123.75)	(3,132.89)
		26,100.45	26,137.28
II. Other income	23	136.44	444.74
III. Total revenue (I + II)		26,236.89	26,582.02
IV EXPENDITURE :			
Cost of materials consumed	24	19,265.84	17,769.56
Changes in inventories of finished goods & work-in-progress.	25	(216.88)	874.59
Employee benefits expense	26	1,210.13	1,539.48
Finance costs	27	2,313.56	6,946.57
Depreciation and Amortization Expense		1,816.08	3,938.51
Other Expenses	28	7,645.55	9,910.79
Total Expenses		32,034.28	40,979.50
V Profit / (Loss) before extraordinary items and tax (III-IV)		(5,797.39)	(14,397.48)
VI Extraordinary Item. (Refer Note No 38,40 & 42)		(24,711.85)	4,038.31
VII Profit / (Loss) before tax (V-VI)		18,914.46	(18,435.79)
VIII Tax expense:			
Deferred tax		6,475.59	(4,917.88)
IX Profit / (Loss) for the period (VII-VIII)		12,438.87	(13,517.91)
X Earnings per equity share of face value of ₹ 10 each	29		
Basic & Diluted after Extraordinary Items		62.83	(68.28)
Basic & Diluted before Extraordinary Items		(61.99)	(47.87)
The accompanying notes are an integral part of these financial statements.	1 to 43		

As per our Report of even date
For Talati & Talati

 Chartered Accountants
 FRNo: 110758W

Umesh Talati

 Partner
 M.No. 034834

Place : Ahmedabad

Date : May 30, 2016

**For and on behalf of the Board
 Shah Alloys Limited**
Rajendra V. Shah Chairman

K.S. Kamath Jt. Managing Director

Ashok Sharma Whole Time Director

Yashpal Mehta V.P. & CFO

Vinod Kumar Shah Company Secretary

Place : Santej

Date : May 30, 2016


Cash Flow Statement for the year ended 31st March 2016

(Amount ₹ in Lacs)

Particulars	2015-16		2014-15	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit (Loss) before Tax		18,914.46		(18,435.79)
Adjustments for :				
Depreciation	1,816.08		3,938.51	
Unrealised Foreign (Gain) / Loss	(8.07)		(6.90)	
Loss on Sale of Assets	0.00		0.05	
Interest expenses	2,313.56		6,946.57	
Interest waiver (OTS)	(24,725.42)		0.00	
Interest Income	(21.35)		(10.73)	
		(20,625.20)		10,867.50
Operating Profit Before Working Capital Changes		(1,710.74)		(7,568.29)
Adjustments for :				
Trade and other receivables	2,221.47		906.78	
Inventories	(65.92)		2,373.55	
Trade Payable and others	1,106.30		486.14	
		3,261.85		3,766.47
Cash Generated From Operations		1,551.12		(3,801.82)
Direct Taxes Paid		0.00		0.00
Net Cash from Operating Activities before Extra Ordinary Items		1,551.11		(3,801.82)
Extra-ordinary Items				
Write off of Preliminary expence and Borrowing cost from Capital work-in-progress	0.00		572.84	
Impairment of CWIP	358.50		0.00	
Interest waiver income (OTS)	24,725.42		0.00	
Provision for diminution in value of long term investments	(344.93)		3,465.47	
		24,738.99		4,038.31
Net Cash from Operating Activities (A)		26,290.10		236.48
B CASH FLOW FROM INVESTING ACTIVITIES:				
Recovery of Loan Given	603.78		7,396.22	
Sale of Fixed Assets	0.00		2.12	
Interest Income	21.35		10.73	
		625.13		7,409.07
Net Cash from Investing Activities(B)		625.13		7,409.07
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long term Borrowings (Net of repayments)	(5,759.77)		(636.90)	
Proceeds from Bank/ FIS borrowings for Working Capital.	(18,636.53)		(25.79)	
Interest Paid	(2,313.56)	(26,709.86)	(6,946.57)	(7,609.26)
Net Cash from Financing Activities(C)		(26,709.86)		(7,609.26)
Net Increase in Cash and Equivalent.(A+B+C)		205.37		36.30
Cash And Cash Equivalents as at the Beginning of the year		100.04		63.74
Cash And Cash Equivalents as at the Close of the year		305.41		100.04

**SHAH ALLOYS LIMITED****Cash Flow Statement for the year ended 31st March 2016 [Contd...]****(Amount ₹ in Lacs)**

Particulars	2015-16	2014-15
Note:		
Cash & Bank balances:		
a) Balance with Banks :		
- In Current accounts	285.22	59.76
b) Cash on hand	9.78	8.04
d) Other bank balances:		
- In Margin Money	10.41	32.24
Total	305.41	100.04
As per our Report of even date	For and on behalf of the Board Shah Alloys Limited	
For Talati & Talati	Rajendra V. Shah	Chairman
Chartered Accountants	K.S. Kamath	Jt. Managing Director
FRNo: 110758W	Ashok Sharma	Whole Time Director
Umesh Talati	Yashpal Mehta	V.P. & CFO
Partner	Vinod Kumar Shah	Company Secretary
M.No. 034834	Place : Santej	Date : May 30, 2016
Place : Ahmedabad		
Date : May 30, 2016		

**Notes to financial statement for the year ended 31st March 2016****1 1.1 CORPORATE INFORMATION :**

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel in Flat and Long products.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company's activities in its business segments have operating cycles which do not exceed 12 months. As a result, current assets comprise elements that are expected to be realized within 12 months after the reporting date and current liabilities comprise elements that are due for settlement within 12 months after the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES :**2.1 Use of Estimates:**

The preparation of the Financial Statements in conformity with the Generally Accepted Accounting principles requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue Recognition:

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Company recognizes Sales at the point of transfer of significant risks and rewards of ownership to the customers. Sales are inclusive of Excise Duty and Sales Tax and net of rebate/returns and trade discount. Sales tax / Value added tax paid is charged to Profit and Loss Accounts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account, the amount out-standing and the rate applicable.

2.3 Excise Duty

Excise Duty recovered are included in sales. Excise Duty in respect of increase / decrease in Finished Goods are shown separately under the head "Other expenses" and included in Val-uation of Finished goods.

2.4 Valuation of Inventories:

Inventories are valued at lower of cost and net realizable value after considering the credit of VAT and CENVAT.

In case of Raw Materials, Stock at third party and Stores and Spares are de-termined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost.

Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of varia-ble and fixed production overheads including excise duty at applicable rates.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

2.5 Fixed Assets

(a) Fixed assets are stated at cost (net of Cenvat credit), less accumulated depreciation and impairment loss, if any. [Other than "freehold land" where no depreciation is charged]. Costs include all expenses incurred to bring the assets to its present location and condi-tion.

(b) Capital Work in progress is stated at cost less impairment loss if any.



- (c) Cost of Trial run Production incurred during the initial period of production is capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects is capitalized amongst the various heads of fixed assets on the commencement of the projects.
- (e) Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

2.6 Depreciation and Amortization

Depreciation on tangible assets is provided by using the straight line method based on useful life specified in Schedule II of the Companies Act 2013 except for the following assets:

Electric Arc Furnance Useful life is estimated 8 years based on independent technical evaluation.

2.7 Cash flow statement

The Cash Flow Statement is prepared by the “indirect method” set out in Accounting Standard 3 on “Cash Flow Statements” and presents the cash flows by operating, investing and financing activities of the Company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and deposits with banks.

2.8 Investments

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

2.9 Foreign currency transactions

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Profit and Loss Account.

2.10 Employee Benefits:

(a) Short Term

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company

(b) Long Term

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.

(c) Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(d) Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.



(e) **Other Employee Benefit**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

2.11 Borrowing cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.12 Taxation:

Income tax expenses comprise current tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

2.13 Impairment of Assets

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net selling price is the estimate selling price in the ordinary course of business less estimated cost of completion and to make the sales.

2.14 Earnings per share

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares issued during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

2.15 Provisions, Contingent Liability and Contingent Asset

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

2.16 Cash and Cash equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. This comprises cash and deposit with banks and financial institutions



Note 3: SHARE CAPITAL	As at March 31, 2016	As at March 31, 2015
The Authorised, Issued, Subscribed and fully Paid up Share Capital		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00
Total	3,500.00	3,500.00
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	1,979.75	1,979.75
[It comprises of 1,977,500 equity shares of Rs 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depository Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	1,979.75	1,979.75

a) Reconciliation of Number of Shares:

	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Amount ₹ in lacs	Number of shares	Amount ₹ in lacs
Equity Shares:				
Shares outstanding at the beginning of the year	19797540	1979.75	19797540	1979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	19797540	1979.75	19797540	1979.75

b) Rights, Preferences and restrictions attached to shares

Equity Shares

The company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual general meeting, except in case of interim dividend. In the case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of Shares held by Shareholders holding more than 5% in the Company

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta



(Amount ₹ in lacs)

Note 4: RESERVES & SURPLUS	As at March 31, 2016	As at March 31, 2015
i) Capital Reserve:		
As per last balance sheet	0.01	0.01
Add: During the year (Refer note No. 42)	21,394.43	0.00
Closing balance	21,394.44	0.01
ii) Security Premium Reserve:	502.61	502.61
	502.61	502.61
iii) Debenture Redemption Reserve:	6,000.00	6,000.00
	6,000.00	6,000.00
iv) Surplus / (Deficit) in Statement of Profit & Loss:		
As per Last Balance Sheet	(79,428.59)	(65,803.81)
Transitional effect of Depreciation	0.00	(106.87)
Profit / (Loss) during the year	12,438.87	(13,517.91)
	(66,989.72)	(79,428.59)
Total (i)+(ii)+(iii)+(iv)	(39,092.67)	(72,925.97)

(Amount ₹ in lacs)

Note 5: LONG TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
(A) SECURED :		
I) Debentures		
- Non Convertible Debentures	2,708.33	3,958.33
II) Term Loans		
a) From Banks		
- Rupee Term Loan	324.04	1,485.40
- Funded Interest Term Loan	413.37	4,931.51
- Working Capital Term Loan	242.67	985.99
b) From Financial Institutions		
- Rupee Term Loan	16,808.76	4,722.59
- Funded Interest Term Loan	1,622.75	1,754.69
- Working Capital Term Loan	1,328.42	6,097.32
	23,448.34	23,935.83
(B) UNSECURED:		
Inter Corporate Deposits		
From Related Parties	26.00	752.00
From Others	164.00	164.00
Loans & Advances from related parties		
- From Director	367.73	584.73
	557.73	1,500.73
Total	24,006.07	25,436.56

(A) SECURED :
a) Nature of security and terms of repayment for secured borrowings
I) Non Convertible Debentures

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. (except Punjab National Bank's Corporate loan which has exclusive charge on 26,00,000 shares of SAL Steel Limited owned by Shah Alloys Limited. Thus First charge on fixed assets is not extended to Punjab National Bank over the Corporate loan) Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all CDR lenders except for 26,00,000 shares on which Punjab National Bank has exclusive charge. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah. Non Convertible Debentures is repayable in equal monthly installment starting from June 2011 till May 2019.



Maturity profile of Non Convertible Debentures are as set out below :

(Amount ₹ in lacs)

Financial Year	Rate of Interest		Total
	9%	10%	
2017-18	250.00	1,000.00	1,250.00
2018-19	250.00	1,000.00	1,250.00
2019-20	41.67	166.66	208.33
Total	541.67	2166.66	2708.33

b) Period and Amount of default as on the Balance sheet

(Amount ₹ in lacs)

Particulars	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
2011-12	1,041.67	1460-1736 days	818.90	1460-1797 days
2012-13	1,250.00	1095-1370 days	980.00	1095-1431 days
2013-14	1,250.00	730-1005 days	980.00	730-1066 days
2014-15	1,250.00	365-640 days	890.00	365-700 days
2015-16	1,250.00	1-270 days	892.44	1-335 days
Total	6041.67		4,561.34	

II) Term Loan from Bank / Financial Institution:

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. (except Punjab National Bank's Corporate loan which has exclusive charge on 26,00,000 shares of SAL Steel Limited owned by Shah Alloys Limited. Thus First charge on fixed assets is not extended to Punjab national bank over the Corporate loan) Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all CDR lenders except for 26,00,000 shares on which Punjab national bank has exclusive charge. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2020.

Terms of repayment for term loans are as set out below :

(Amount ₹ in Lacs)

Particulars	2017-18	2018-19	2019-20	2020-21
Rupee term Loan from Bank	149.56	149.56	24.93	0.00
Term Loans from Financial Institution	1,450.97	1,512.97	7,202.83	6,642.00
Working Capital Term Loan from Bank	112.00	112.00	18.67	0.00
Working Capital Term Loan from Financial Institution	613.12	613.12	102.19	0.00
Funded Interest Term Loan from Bank	275.58	137.79	0.00	0.00
Funded Interest Term Loan from Financial Institution	1,081.83	540.92	0.00	0.00
Total	3,683.06	3,066.36	7,348.62	6,642.00

As per the terms of CDR Company has provided interest on Term Loan @10 % except LIC of India @8.75 %, on Working Capital Term Loan @10 % and on Funded Interest Term Loan @6 %


b) Period and Amount of default as on the Balance sheet

The company has made a default in repayment as follows:

(Amount ₹ in lacs)

Particulars	Period to which default relates	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
Rupee term Loan from Bank	2011-12	1,121.10	1460-1736 days	637.46	1460-1797 days
	2012-13	1,350.27	1095-1370 days	859.41	1095-1431 days
	2013-14	834.51	730-1005 days	749.58	730-1066 days
	2014-15	469.07	365-640 days	422.90	365-700 days
	2015-16	149.56	1-270 days	351.29	1-335 days
Term Loans from Financial Institution	2011-12	66.96	1460-1736 days	0.00	1460-1797 days
	2012-13	80.35	1095-1370 days	56.24	1095-1431 days
	2013-14	466.02	730-1005 days	56.24	730-1066 days
	2014-15	831.45	365-640 days	56.24	365-700 days
	2015-16	1,150.97	1-270 days	56.40	1-335 days
Working Capital Term Loan from Bank	2011-12	604.26	1460-1736 days	581.68	1460-1797 days
	2012-13	725.12	1095-1370 days	580.09	1095-1431 days
	2013-14	621.68	730-1005 days	580.09	730-1066 days
	2014-15	311.37	365-640 days	249.09	365-700 days
	2015-16	112.00	1-270 days	176.10	1-335 days
Working Capital Term Loan from Financial Institution	2013-14	103.44	730-1006 days	0.00	
	2014-15	413.75	365-640 days	0.00	
	2015-16	613.12	1-270 days	0.00	
Funded Interest Term Loan from Bank & Financial Institution	2010-11	0.00		354.90	1826-2070 days
	2011-12	1,121.10	1460-1736 days	637.46	1460-1797 days
	2011-12	0.00		468.18	1461-1704 days
	2012-13	0.00		519.57	1096-1339 days
	2013-14	678.71	730-821 days	463.74	730-1066 days
	2014-15	1,357.41	365-455 days	332.09	365-700 days
	2015-16	1,357.41	1-270 days	309.28	1-335 days
Total		13,418.53		7,860.59	

(B) UNSECURED :
Deposits:

The company has taken inter corporate deposit during the year from three related parties as mentioned herewith: SAL Care Pvt. Ltd. of ₹ 8,10,00,000/- SAL Corporation Pvt. Ltd. ₹ 26,00,000/- and SAL Hospital & Medical Institute ₹ 1,06,00,000/- .This party is covered under the register maintained under section 189 of the Companies Act , 2013.



(Amount ₹ in lacs)

Note 6: OTHER LONG TERM LIABILITIES	As at March 31, 2016	As at March 31, 2015
Security Trade Deposits	35.00	964.59
Total	35.00	964.59

(Amount ₹ in lacs)

Note 7: LONG TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	117.06	130.34
Total	117.06	130.34

(Amount ₹ in lacs)

Note 8 : SHORT TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	946.36	5,463.81
From Financial Institution	12,115.13	26,234.20
Total	13,061.49	31,698.01

a) Nature of security and terms of repayment for secured borrowings
Cash Credit Facilities

Hypothecation first charges on company's entire stocks of raw material, stock in progress, finished goods, book debts/receivables and all current assets stored in the company's factory premises, at all plants and / or elsewhere including those in transit covered by documents of title thereto, local and export usance bill ranking pari-passu in favor of all the working capital banks. Second charge on the entire movable and immovable assets both present and future on pari-passu basis. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

b) Period and Amount of default as on the Balance sheet

<i>Particulars</i>	<i>Period to which default relates capital facilities</i>	<i>Default in payment of interest on working capital facilities</i>	<i>Period of default</i>
Interest on Working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days
Total		6,946.00	

(Amount ₹ in lacs)

Note 9 : Trade Payables	As at March 31, 2016	As at March 31, 2015
Due to Micro, Small and Medium Enterprises *	0.00	0.00
Other than Micro, Small and Medium Enterprises	7,316.24	5,997.72
Total	7,316.24	5,997.72

* The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:

	As at March 31, 2016	As at March 31, 2015
- SAL Steel Limited	3,210.29	0.00
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	27.15	27.15
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	8.52	8.52



(Amount ₹ in lacs)

Note 10: OTHER CURRENT LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	1,250.00	1,250.00
- Term Loan from Banks	149.56	469.07
- Working Capital Term Loan from Banks	112.00	311.37
- Working Capital Term Loan from Financial Institutions	613.12	1,925.47
- Term Loan from Financial Institutions	1,350.97	1,491.34
- Funded Interest Term Loan from Bank	275.58	1,972.60
- Funded Interest Term Loan from Financial Institutions	1,081.83	701.88
	4,833.06	8,121.73
(b) Interest accrued & due on Borrowings	15,521.75	32,252.59
	15,521.75	32,252.59
(c) Income received in Advance	168.66	117.27
(d) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	6,041.67	4,791.67
- Interest Accrued on Matured Non Convertible Debentures	7,213.18	6,320.74
	13,254.85	11,112.41
(e) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	4,882.05	4,882.05
Add: Premium Payable on FCCB	2,355.83	2,355.83
	7,237.88	7,237.88
(f) Other Payables		
- Term Loan from Bank	722.86	1,922.69
- Working Capital Term Loan from Banks	541.33	1,193.57
- Working Capital Term Loan from Financial Institution	2,963.39	7,380.97
- Term Loan from Financial Institution	5,797.38	5,826.62
- Funded Interest Term Loan from Bank	688.95	2,958.90
- Funded Interest Term Loan from Financial Institution	2,704.58	1,052.81
- Statutory Dues Payable*	402.28	409.00
- Deferred Sales Tax Liability	497.99	671.99
- Unpaid Expenses	306.55	420.71
	14,625.31	21,837.26
Total	55,641.51	80,679.14

The Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of Companies Act, 2013.

Since Bond holders have yet not exercised the option no further interest has been accounted for. Accordingly Foreign Currency Convertible Bonds (FCCB) is due for repayment to Bond Holders. However, no payment has been made to Bond Holders.

* It includes amount in the nature of Statutory dues such as withholding taxes, service tax, VAT, Excise duty, etc.



(Amount ₹ in lacs)

Note 11: SHORT TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	36.00	25.80
- Leave Encashment	54.12	54.12
- Others*	360.53	334.07
Others		
- Provision for Wealth Tax	0.00	0.18
Total	450.65	414.17

* It includes bonus & other incentives to employees

Note 12: FIXED ASSETS**Tangible Assets :**

(Amount ₹ in lacs)

Particulars	Freehold Land	Factory Building	Office/ Residential Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
As at 1st April 2014	422.82	2,276.72	326.92	51,672.69	49.17	403.53	210.23	197.24	55,559.32
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	12.47	0.00	0.00	12.47
As at 31st March 2015	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2016	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Depreciation									
As at 1st April 2014	0.00	806.96	33.24	32,498.80	43.91	358.06	141.13	119.18	34,001.28
Charge for the year	0.00	105.92	5.16	3,786.49	0.00	16.03	0.00	24.91	3,938.51
Disposal / Adjustments	0.00	19.06	0.00	0.00	2.80	(2.69)	58.58	18.80	96.56
As at 31st March 2015	0.00	931.94	38.40	36,285.29	46.71	371.40	199.71	162.90	38,036.35
Charge for the year	0.00	85.62	5.16	1,714.91	0.00	0.10	0.00	10.29	1,816.08
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2016	0.00	1,017.56	43.56	38,000.20	46.71	371.50	199.71	173.19	39,852.43
Net Block									
As at 31st March 2015	422.82	1,344.78	288.52	15,387.40	2.46	19.66	10.52	34.34	17,510.50
As at 31st March 2016	422.82	1,259.16	283.36	13,672.49	2.46	19.56	10.52	24.05	15,694.42

Capital work-in-progress	31.03.2016	31.03.2015
Plant & Machinery (Refer Note No 40)	900.50	1,259.00
Total	900.50	1,259.00

Notes:

- 1) Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
- 2) Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.



(Amount ₹ in lacs)

Note 13: NON CURRENT INVESTMENTS	As at March 31, 2016	As at March 31, 2015
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	3,994.96	3,994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Less : Provision for Diminution in value of Investment (Refer note No 38)	3,120.54	3,465.47
Total	874.42	529.49

Aggregate amount of Quoted Investment and Market Value ₹ 874.42 lacs (P.Y. ₹ 529.49 lacs)

(Amount ₹ in lacs)

Note 14: LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Security Deposits	227.02	226.72
Total	227.02	226.72

(Amount ₹ in lacs)

Note 15: DEFERRED TAX ASSETS (NET)	As at March 31, 2016	As at March 31, 2015
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	27,303.29	26,368.33
On account of disallowances under the Income tax act, 1961	10,215.83	17,828.78
Gross deferred tax asset (A)	37,519.12	44,197.11
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2,703.41	2,905.81
Gross deferred tax liability (B)	2,703.41	2,905.81
Net Deferred Tax (A-B)	34,815.71	41,291.30

(Amount ₹ in lacs)

Note 16: INVENTORIES (valued at lower of cost or net realizable value)	As at March 31, 2016	As at March 31, 2015
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	419.78	365.53
ii) In Transit	24.08	94.15
Work in Progress	834.44	438.53
Finished Goods	3,295.09	3,474.12
Stores & spares	3,669.84	3,804.97
Total	8,243.23	8,177.30



(Amount ₹ in lacs)

Note 17: TRADE RECEIVABLES	As at March 31, 2016	As at March 31, 2015
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	97.18	380.55
Others	896.36	1,137.82
Doubtful	162.20	98.58
Total	1,155.74	1,616.95
Less: Provision for claim / Doubtful debts	162.20	98.58
Total	993.54	1,518.37

Sundry Debtors include dues from Associate concerns:	2015-16 Amount	2014-15 Amount
- SAL College of Engineering (A Division of Adarsh Foundation)	8.72	8.72
- SAL Institute of Pharmacy (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institute of Management (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation)	11.66	11.66

(Amount ₹ in lacs)

Note 18: CASH AND BANK BALANCES	As at March 31, 2016	As at March 31, 2015
a) Balance with Banks :		
- In Current accounts	285.22	59.76
b) Cash on hand	9.78	8.04
c) Other bank balances:		
- In Margin Money *	10.41	32.24
Total	305.41	100.04

* Margin Money deposits with a carrying amount of ₹ 10.41 lacs (P.Y.: ₹ 32.24 lacs) are given as margin against bank guarantee

(Amount ₹ in lacs)

Note 19: SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Loans & advances to related parties		
- Intercompany Loan	0.00	603.78
Others		
Advances to suppliers	527.98	726.52
Balances with government authorities	745.02	2,272.16
Prepaid expenses	29.08	6.32
Deposits	0.00	0.97
Other Loans and Advance*	158.77	150.74
Total	1,460.85	3,760.49

* Includes Loan & advances given to Employees



(Amount ₹ in lacs)

Note 20: OTHER CURRENT ASSETS	As at March 31, 2016	As at March 31, 2015
Interest Accrued		
- On Deposits	0.00	1.10
Total	0.00	1.10

(Amount ₹ in lacs)

Note 21: CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As at March 31, 2016	As at March 31, 2015
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	27,834.95	27,580.15
- Banks / Financial Institution	51,497.82	0.00
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	20,750.00	20,750.00
- Bank guarantee given	10.41	30.43
(c) Other money for which the company is contingently liable		
- Disputed Income Tax /VAT/ Excise / Service tax Demand	2,702.89	764.25

(Amount ₹ in lacs)

Note 22: REVENUES FROM OPERATION	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
I. Sale of Products		
Manufactured Goods		
- Domestic	28,924.20	28,450.42
- Export	0.00	500.82
	28,924.20	28,951.24
II. Sale of service		
- Job work	0.00	8.57
- Manpower Services	300.00	300.00
	300.00	308.57
III. Other Operating Revenues		
- Export incentive	0.00	10.36
	0.00	10.36
Total	29,224.20	29,270.17



(Amount ₹ in lacs)

Note22.1: Particulars of Sale of Products	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Sales of Iron & Steel		
Bars ,Beams , Flats	909.27	1,135.39
Plate & Coil	13,788.93	25,867.65
Slab, Billets etc	14,226.00	1,948.20
Total	28,924.20	28,951.24

(Amount ₹ in lacs)

Note 23: OTHER INCOMES	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Interest Income	21.35	10.73
Miscellaneous Income	0.00	0.20
Foreign Exchange Fluctuation Gain (Net)	105.84	10.32
Other Non operating income		
Sundry Balances Written off (Net)	9.25	423.49
Total	136.44	444.74

(Amount ₹ in lacs)

Note 24: COST OF MATERIAL CONSUMED	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Opening Stock	459.68	1,889.71
Purchases	19,250.02	16,339.53
	19,709.70	18,229.24
Less :Closing Stock	443.86	459.68
Total	19,265.84	17,769.56

(Amount ₹ in lacs)

Note 25: CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK-IN-TRADE.	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
A) Opening Stocks		
- Finished Goods	3,474.12	3,212.16
- Work in process	438.53	1,575.08
Sub-Total (A)	3,912.65	4,787.24
B) Less: Closing Stocks		
- Finished Goods	3,295.09	3,474.12
- Work in process	834.44	438.53
Sub-Total (B)	4,129.53	3,912.65
Total (A)-(B)	(216.88)	874.59



(Amount ₹ in lacs)

Note 26: EMPLOYEES BENEFIT EXPENSES	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Salaries & Wages	1155.86	1468.15
Contribution to Provident & Other Funds	39.18	45.21
Staff Welfare Expenses	15.09	26.12
Total	1210.13	1539.48

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under:

Particulars	2015-16	2014-15
Employer's Contribution to Provident Fund	38.85	44.88
Contribution for Key Managerial Person	0.33	0.33
	39.18	45.21

Defined Benefit Plan

The Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" which is mandatory from accounting periods starting from Dec 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

I. Reconciliation of opening and closing balance of Defined Benefit Obligation

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening defined benefit obligation	156.15	143.98
Excess / Short provision	0.00	4.80
Service cost	18.91	18.81
Interest cost	11.17	12.09
Actuarial (Gain) / Loss	(26.16)	(6.35)
Benefits paid	(7.00)	(17.19)
Closing defined benefit obligation	153.07	156.14

II. Reconciliation of opening and closing balance of fair value of plan assets

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening fair value of plan assets	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded
Expected return		
Actuarial Gain / (Loss)		
Employer contribution		
Benefits paid		
Closing fair value of plan assets		

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Fair value of plan assets	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded
Present value of obligation		
Amount recognised in balance sheet		


SHAH ALLOYS LIMITED
IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '26') (Amount ₹ in lacs)

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Service cost	18.91	18.81
Interest cost	11.17	12.09
Expected return on plan assets	0.00	0.00
Actuarial (Gain) / Loss	(26.16)	(6.35)
Prior year Charge	0.00	4.80
Net cost included in ₹Employee Benefit Expense'	3.92	29.36

V. Investment Details

Particulars	% invested	
	2015-16 (%)	2014-15 (%)
Public sector securities	Not applicable as Gratuity Liability is not funded	Not applicable as Gratuity Liability is not funded
Special deposit schemes		
State Govt. securities		
FDR with banks		
Balance with banks		
Total		

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Discount rate (per annum)	7.90%	7.80%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	7.00%	7.00%

VII Amount for the current and previous four year are as follows:-

Gratuity (Unfunded)	31.03.2016 Amount	31.03.2015 Amount	31.03.2014 Amount	31.03.2013 Amount	31.03.2012 Amount
Defined Benefit obligation	153.07	156.15	143.98	176.03	184.33
Plan asset	0.00	0.00	0.00	0.00	0.00
Surplus/(deficit)	(153.07)	(156.15)	(143.98)	(176.03)	(184.33)
Experience adjustment on plan liability	(27.67)	(23.87)	(8.76)	(27.10)	(30.25)
Actuarial Loss / (Gain) due to change in assumptions.	1.51	17.52	(13.51)	0.00	0.00
Experience adjustment on plan assets	0.00	0.00	0.00	0.00	0.00

VIII Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2015-16 to the defined contribution plan. However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

(Amount ₹ in lacs)

Note 27: FINANCE COSTS	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
(a) Term loans		
- From Banks	836.67	2,857.09
- From Financial institution	56.40	56.24
(b) Working capital facilities	516.19	3,115.16
(c) Debentures	892.44	980.00
(d) Others	11.86	28.08
Total	2,313.56	6,946.57



(Amount ₹ in lacs)

Note 28: OTHER EXPENSES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Consumption of stores & spare parts	2,065.03	4,046.13
Power & fuel	4,256.55	4,391.31
Factory Labour expense	383.11	705.31
Provision for Excise Duty on finished goods	(24.68)	25.57
Factory Expenses	82.07	91.08
Repairs and maintenance :		
- to Factory Building	7.67	9.99
- to Plant & Machinery	27.77	61.98
- to Others	19.57	25.25
	55.01	97.22
Donation	0.15	0.13
Sales Tax expenses	108.98	68.98
Selling costs	59.55	40.76
Packing Cost	1.51	21.71
Freight outward expenses	373.52	171.93
Travelling & conveyance	40.30	55.51
Legal, Consultancy and Professional Fees	45.32	61.47
Miscellaneous expenses	47.00	32.37
Advertisement, Stationery and Communication	22.07	30.08
Payment to Auditors #	10.47	10.01
Rent	11.40	11.40
Rates and Taxes	16.25	10.87
Insurance	12.72	14.40
Bank Charges	15.60	24.55
Provision for Bad debt	63.62	0.00
Total	7,645.55	9,910.79

(Amount ₹ in lacs)

# Payment to Auditors :	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
As Auditor		
- Statutory Audit	7.50	7.50
For other services	2.10	2.00
For Reimbursement of Expenses	0.87	0.51
Total	10.47	10.01

(Amount ₹ in lacs)

Note 29: EARNING PER SHARE	Unit	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Net profit / (Loss) for the year attributable to Equity Shareholders before extraordinary item.	₹ in lacs	(12,272.98)	(9,479.60)
Net profit / (Loss) for the year attributable to Equity Shareholders after extraordinary item.	₹ in lacs	12,438.87	(13,517.91)
Weighted Average Number of Equity Shares outstanding	Nos.	1 97 97 540	1 97 97 540
Basic & Diluted earnings per share before extraordinary item (face value of ₹ 10 each)	₹	(61.99)	(47.87)
Basic & Diluted earnings per share after extraordinary item (face value of ₹ 10 each)	₹	62.83	(68.28)



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Note 30: INFORMATION REGARDING STOCK

a) Capacity (As Certified by Management)

Class of products	Annual Licensed capacity (MT)		Annual Installed Casting (MT)	
	2015-16	2014-15	2015-16	2014-15
S.S.Flats, Bars & Castings, Hot Rolled M.S./S.S/A.S Plates , H.R. / C.R.Coil	N.A	N.A	3 00 000	3 00 000

b) Production:

Class of products	2015-16 Qty. (MT)	2014-15 Qty. (MT)
1. Finished Goods		
(a) Bars, Beams, Flats	630.024	1 058.930
(b) Plate & Coil	38 105.827	51 019.070
2. Semi-Finished Goods		
Slab, Billets, etc	50 126.903	2 685.094
TOTAL	88 862.754	54 763.094

c) Turnover (Excluding Trading Turnover)

Class of Goods	2015-16		2014-15	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods				
(a) Bars ,Beams , Flats	2 433.975	909.27	1 892.760	1135.39
(b) Plate & Coil	39 173.284	13788.93	47 316.701	25867.65
2. Semi-Finished Goods				
Slab, Billets etc	48 878.465	14226.00	5 292.585	1948.20
TOTAL	90 485.724	28924.20	54 502.046	28951.24

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2015		As at 01-04-2014		As at 31-03-2016		As at 31-03-2015	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods								
(a) Bars ,Beams , Flats	151.909	59.74	985.739	442.77	1 199.842	321.73	151.909	59.74
(b) Plate & Coil	8 984.770	3044.43	5 282.401	2425.01	7 957.463	2628.10	8 984.770	3044.43
(c) Excise Duty on Finished Goods		369.95		344.38		345.27		369.95
2. Semi-Finished Goods								
Slab, Billets etc	1 491.356	438.53	4 098.847	1575.08	2 739.794	834.43	1 491.356	438.53
TOTAL	10 628.035	3912.65	10 366.987	4787.24	11 897.099	4129.53	10 628.035	3912.65



Note 30: INFORMATION REGARDING STOCK (Contd...)

e) Consumption of Raw materials:

Particulars	2015-16		2014-15	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
Scrap	84,211.890	12,990.69	58,873.931	12,784.00
Ferro Chrome	929.363	516.78	2,945.107	1,906.83
M.S.Slab	19,862.703	4,850.37	0.000	0.00
Others	1,879.616	908.00	4,225.181	3,078.73
TOTAL	106,883.572	19,265.84	66,044.219	17,769.56

f) Value of imports calculated on C.I.F. basis during the financial year in respect of:

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Raw Materials	6,410.34	147.83
Stores & Spares	11.69	12.50

g) Expenditure in foreign currency during the financial year

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Travelling Expenses	0	1.71
Commission on Export Sales.	0	1.79

h) Value of Raw Materials, Stores, Chemical & Spares consumed during the year:

Particulars	2015-16		2014-15	
	Amount (₹ in Lacs)	% of consumption	Amount (₹ in Lacs)	% of consumption
Raw Material-Manufacturing Activity				
Imported	7,228.75	37.52%	1,337.04	7.52%
Indigenous	12,037.09	62.48%	16,432.52	92.48%
Total	19,265.84	100.00%	17,769.56	100.00%
Stores & Spare parts				
Imported	13.53	0.66%	14.61	0.36%
Indigenous	2,051.50	99.34%	4,031.52	99.64%
Total	2,065.03	100.00%	4,046.13	100.00%

i) Earning in Foreign Exchange:

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
FOB Value of exports	0	461.65



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Note 31: RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i) Concern where significant interest exists.

Sr. no	Name of the Concern	Nature of Relationship
1	SAL Steel Limited	Associate
2	SAL Corporation Pvt. Ltd - SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	Enterprise with significant influence
3	SAL Care Pvt. Ltd. - SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	Enterprise with significant influence
4	Adarsh Foundation - SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation) - SAL Institute of Pharmacy (A Division of Adarsh Foundation) - SAL Institute of Management (A Division of Adarsh Foundation) - SAL College of Engineering (A Division of Adarsh Foundation) - Kesar SAL Hospital (A Division of Adarsh Foundation)	Enterprise with significant influence

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director
4	Mr. Yashpal Mehta	Vice President & Chief Financial Officer (CFO)
5	Mr. Vinodkumar Shah	Company Secretary

iii) Disclosure of Related Party Transactions

(Amount ₹ in Lacs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2015-16	2014-15	2015-16	2014-15
1	Purchase of goods & Services	5750.69	3474.85		
2	Purchase of Power	2868.71	2019.41		
3	Sales of Goods	105.13	409.51		
4	Manpower Charges Recovered	300.00	300.00		
4	Rent paid	9.60	9.60		
5	Loan Availed	942.00	430.00		
6	Loan Repaid	1885.00	575.00		
7	Intercorporate Loan Recoved	603.78	7396.22		
8	Remuneration			49.68	44.88


iv) Disclosures of material transactions with related parties during the year:
(Amount ₹ in lacs)

Sr.No.	Description	Related Parties	2015-16	2014-15	Balance outstanding as at	
					3/31/2016	3/31/2015
1	Purchase of Goods & Services	SAL Steel Ltd	5,750.69	3,471.01	3,210.29	0.00
		SAL Pharmacy	0.00	3.34	8.52	8.52
		SAL Hospital & Medical Institute	0.00	0.50	27.15	27.15
2	Purchase of power	SAL Steel Ltd	2,868.71	2,019.41		
3	Sales of goods	SAL Steel Ltd	105.13	407.78		
		SAL Hospital & Medical Institute	0.00	1.73		
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	142.80	142.80	11.66	11.66
		SAL Institute of Pharmacy	25.20	25.20	2.06	2.06
		SAL Institute of Management	25.20	25.20	2.06	2.06
		SAL College of Engineering	106.80	106.80	8.72	8.72
5	Rent paid	SAL Steel Ltd	9.60	9.60		
6	Remuneration to Key Management Personnel	Mr. K S Kamath	12.92	12.92		
		Mr. Ashok Sharma	12.00	12.00		
		Mr. Yashpal Mehta	9.76	9.76		
		Mr. Vinod Shah	15.00	10.20		
7	Loan Availed	SAL Care Pvt Ltd.	810.00	430.00	0.00	752.00
		SAL Corporation Pvt. Ltd.	26.00	0.00	26.00	0.00
		SAL Hospital & Medical Institute	106.00	0.00	0.00	0.00
		Mr. Rajendra V Shah	0.00	0.00	367.73	584.73
8	Loan Repaid	SAL Care Pvt Ltd.	1,562.00	575.00		
		Mr. Rajendra V Shah	217.00	0.00		
		SAL Hospital & Medical Institute	106.00	0.00		
9	Intercompany Loan Recoved	SAL Steel Ltd	603.78	7,396.22	0.00	603.78

32. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.

33 Corporate Debt Restructuring (CDR) Cell through their lead bank, Union Bank of India had sanctioned a comprehensive debt restructuring scheme vide their letter No. BY.CDR (ABP) No. 1084 dated 22.1.2008. As per scheme company was supposed to make monthly payment of interest & installment by 01st October 2009. Looking to prevailing condition and reciprocal obligation not fulfilled by the CDR lenders & consequential losses incurred by the company in the year 2008, company had again approached CDR Cell for extension of moratorium period and CDR Cell had approved the rework proposal of the company vide their letter dated BY.CDR (ABP) NO.380/2009-10 dated 03-07-2009. The principal terms of the 2nd CDR Scheme and its compliances are as under:

(a) Deferring repayment of Term loan ₹ 15,605.13 lacs Working capital term loan ₹ 17,782.65 lacs and Non Convertible Debentures ₹ 10,000.00 lacs for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.



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- (b) Interest for the moratorium period i.e. up to May 2011 shall be converted into Funded interest term loan (FITL) carrying interest rate of 6% p.a. repayable in 20 equal quarterly installments commencing from December 2013 quarter. Interest on FITL shall be serviced as and when due.

Consequent upon the sanction of the restructuring package, the company had to start repaying the aforesaid loans sanctioned by banks/institutions and debenture holders from June 2011 onwards however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL, Non convertible Debentures and FITL are as under:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹ in lacs)</i>	<i>Period for which the default subsists</i>
Term Loan	2011-12	1,188.05	1460-1736 days
	2012-13	1,430.61	1095-1370 days
	2013-14	1,300.52	730-1005 days
	2014-15	1,300.52	365-640 days
	2015-16	1,300.52	1-270 days
Working Capital Term Loan	2011-12	604.26	1460-1736 days
	2012-13	725.12	1095-1370 days
	2013-14	725.12	730-1005 days
	2014-15	725.12	365-640 days
	2015-16	725.12	1-270 days
Non Convertible Debenture	2011-12	1,041.67	1460-1736 days
	2012-13	1,250.00	1095-1370 days
	2013-14	1,250.00	730-1005 days
	2014-15	12,50.00	365-640 days
	2015-16	1,250.00	1-270 days
Funded Interest Term Loan (FITL)	2013-14	678.70	730-821 days
	2014-15	1,357.41	365-455 days
	2015-16	1,357.41	1-270 days

As per CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards, the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) has to be serviced as and when due.

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD). The Amount and the period of default are as listed under:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹ in lacs)</i>	<i>Period for which the default subsists</i>
Interest on Term Loan	2011-12	637.46	1095-1431 days
	2012-13	915.65	1095-1431 days
	2013-14	805.82	730-1066 days
	2014-15	479.14	365-700 days
	2015-16	407.69	1-335 days
Interest on Working Capital Term Loan	2011-12	581.68	1095-1431 days
	2012-13	580.09	1095-1431 days
	2013-14	580.09	730-1066 days
	2014-15	249.09	365-700 days
	2015-16	176.10	1-335 days
Interest on Non Convertible Debenture	2011-12	818.90	1460-1797 days
	2012-13	980.00	1095-1431 days
	2013-14	980.00	730-1066 days
	2014-15	890.00	365-700 days
	2015-16	892.44	1-335 days



As per the terms of the CDR, Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of interest on FITL. The amount and the period of default are as mentioned below:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹ in lacs)</i>	<i>Period for which the default subsists</i>
Interest on Funded Interest Term Loan(FITL)	2010-11	354.90	1826-2070 days
	2011-12	468.18	1461-1704 days
	2012-13	519.57	1096-1339 days
	2013-14	463.74	730-1066 days
	2014-15	332.09	365-700 days
	2015-16	309.28	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹ in lacs)</i>	<i>Period for which the default subsists</i>
Interest on working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days

- c) Rate of interest on Term Loan, Non Convertible Debenture and WCTL will be 10% p.a. for the term lenders who are presently charging more than 10% p.a. payable monthly. Existing rates will continue for those lenders who are charging less than 10% p.a. payable monthly and FITL will carry interest at the rate of 6 % per annum.

As per the terms of the CDR, the company has brought in Promoters' contribution during the year 2009-10.

- 34 Secured Borrowings from the below mentioned banks have been transferred / assigned to financial institution together with all their rights, title and interest in the financial documents and any underline security interest/pledges and /or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank	31/12/2012	Asset Reconstruction Company (India) Ltd
IDBI Bank	28/03/2014	Asset Reconstruction Company (India) Ltd
Bank of Baroda	26/03/2014	Edelweiss Assets Reconstruction Company Ltd.
Oriental Bank of Commerce	04/08/2014	Edelweiss Assets Reconstruction Company Ltd.
Bank of Maharashtra	13/05/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.
Punjab National Bank	31/03/2016	Invent Assets Securitization & Reconstruction Pvt. Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with Asset Reconstruction Companies (ARC) and hence due to non availability of agreement with Asset Reconstruction Companies (ARC), the company has taken the CDR – 2 orders as base for classification of current / non-current liability and default of total borrowing.

- 35 The company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its order number 13/2010 dated 31st August, 2010 has declared that the company has become sick industrial company u/s 3(1)(o) of SICA. [Sick Industrial Companies (Special Provision) Act, 1985].
- 36 Balances of Secured Loan, Unsecured Loans, Bank balances, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.
- 37 Certain balance of Debtors, Loans and Advances and Creditors are non-moving/ slow moving since long, however in view of the management the same is recoverable / payable and hence no provision for the same is made in the books of accounts.
- 38 The Company has long term investment in the shares of SAL Steel Limited amounting to ₹ 3,994.96 lacs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2016, the Company has accumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited also indicates that the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. Also there is no major movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there is decline, other than temporary, in the value of a long term investment. And as a result, we have accounted for investment in shares of SAL Steel Ltd



SHAH ALLOYS LIMITED

at market rate of shares @ ₹ 2.89 per share reducing the value of investment to ₹ 8,74.42 lacs and provided for ₹. 3,120.54 lacs as diminution other than temporary in the value of investment in books of accounts.

- 39 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the previous years and the Company's current liabilities exceed its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating with the ARC / lenders for one time settlement (OTS) and expecting the waiver of interest with the banks. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post OTS, Company will reduce the interest burden drastically and will be optimistic about reducing of accumulated losses gradually.
- 40 Since last many years the company does not have internal accruals from the operations and as a result, management do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. Since the capital project is not anticipated to complete in future, we have provided for the impairment loss for the amount of ₹. 358.50 lacs to the statement of profit and loss during the current year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects.
- 41 Foreign currency exposure at the yearend not hedged by derivative instruments:

Particulars	As at 31 st March 2016	As at 31 st March 2015
Advance payment to suppliers		
₹ in lacs	293.23	158.17
US Dollar	4.42	2.21
AED	0	1.17
Receivables against export of goods		
₹ in lacs	0	27.81
US Dollar	0	0.44
Advance received from customers		
₹ in lacs	0	6.41
US Dollar	0	0.10
Euro	0	0
FCCB Payable (Including Interest)		
₹ in lacs	7,237.88	7,237.88
US Dollar	148.25	148.25

- 42 The company has entered into settlement agreement with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited. The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss. The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 14,615.00 lacs towards full and final settlement against the total liability (Principal and Interest) of ₹ 60,734.85 lacs resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs. Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs, the waiver of liability of Principal portion of ₹ 21,394.43 lacs has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 24,725.42 lacs has been offered as an Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2016.
- 43 The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year.

As per our report attached to the Balance Sheet

Signatures to Notes 1-43

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For Talati & Talati

Chartered Accountants
FRNo: 110758W

Umesh Talati

Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board Shah Alloys Limited

Rajendra V. Shah Chairman
K.S. Kamath Jt. Managing Director
Ashok Sharma Whole Time Director
Yashpal Mehta V.P. & CFO
Vinod Kumar Shah Company Secretary

Place : Santej
Date : May 30, 2016

**INDEPENDENT AUDITOR'S REPORT**

To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Shah Alloys Limited (hereinafter referred to as "the Holding Company") and its Associate (the Holding Company and its Associate together referred to as "the Group") which comprise the Consolidated Balance sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and the Consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective board of directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

1. *The Holding Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds(FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2016, which constitutes a departure from the Accounting Standard - 11, "The Effects of Changes in Foreign Exchange Rates", which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2016. The Holding Company's record indicate that had management done the provision, the Exchange loss for the Year ended 31st March 2016 would have been higher by ₹ 5,54,78,504/-. Accordingly, profits for the Year ended 31st March 2016 has been over-stated by 5,54,78,504/- and negative balance of reserves and surplus has been understated by ₹ 25,96,30,086/- as at 31st March 2016.*



SHAH ALLOYS LIMITED

2. *Management of the associate company is of the view that they do not anticipate execution of its ongoing capital projects. However, the Associate Company has not made adequate provision towards recovery of capital advances for the said project for the amount of ₹9,41,22,080/- which are currently shown under Long term loans and advances in its standalone Financials. The consequential impact of adjustment, if any, on the actual realization of said advances on the financial statements is currently not ascertainable. Therefore, we are unable to comment on its consequential financial impact, if any, on the Consolidated financial statements.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) In case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2016,
- 2) In case of the consolidated Statement of profit and loss, of the Profits for the year ended on that date
- 3) In case of the consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated Financial Statements:

- 1) Note No 39 to the consolidated financial statements regarding the Holding Company having accumulated losses and its net worth has been fully eroded. The consolidated Financial Statements indicates that the Holding Company has incurred a net loss during the previous year and, the Holding Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company's ability to continue as a going concern. However, the consolidated financial statements of the Holding Company have been prepared on a going concern basis for the reasons stated in the said Note 39 to the consolidated financial statements.
- 2) Note No 34 to the consolidated financial statements of holding company, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.
- 3) During the year ended 31st March 2016, the holding company has carried out a techno-economic assessment for the valuations of its Capital Projects to identify the impairment loss and provision thereof, if any. Based on the said techno-economic assessment of the Capital Projects, the holding Company has provided for ₹ 3,58,50,355/- as per Note 40 to the consolidated financial statements. The same is in accordance with the notified Accounting Standard 28 on Impairment of asset which states that impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.
- 4) Note 42 to the consolidated Financial Statements about the settlement agreement entered into by the holding company with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited.

The holding Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 146,15,00,000/- towards full and final settlement against the total liability (Principal and Interest) of ₹ 607,34,85,227/- resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-, the waiver of liability of Principal portion of ₹ 213,94,42,763/- has been shown as a capital Reserves in the consolidated Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 247,25,42,464/- has been offered as Income in the consolidated Statement of profit and Loss and has been shown as an Extraordinary item in the Results for the period ended 31st March 2016.

- 5) Note 43 to the Consolidated Financials regarding the recognition of the share of loss in its Associate by the Holding Company.
- 6) Note 46 to the Consolidated financial statements which describes that the Non disclosure of Reportable Segments as required under Accounting Standard – 17 'Segment Reporting' by the Associate Company due to which there is no impact on the Consolidated Statement of Profit and Loss.
- 7) During the year, the Associate Company has accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Associate Company has incurred a net loss during the current and previous year(s) and, the Associate Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Associate Company's ability to continue as a going concern. However, the financial statements of the Associate Company have been prepared on a going concern basis for the reasons stated in the said Note 46 to the Consolidated financial statements.



- 8) Assignment of dues for various facilities provided to the Associate company by banks to Invent Assets Securitization and Reconstruction Private Limited as per Note 48 to the Consolidated financial statements.
- 9) During the year ended 31st March 2016, the Associate company has carried out a techno-economic assessment for the valuations of its Capital Projects to identify the impairment loss and provision thereof, if any. Based on the said techno-economic assessment of the Capital Projects, the Associate Company has provided for ₹ 31,70,24,474/- as per Note 49 to the Consolidated financial statements. The same is in accordance with the notified Accounting Standard 28 on Impairment of asset which states that impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.
- 10) Note 51 to the Consolidated Financial Statements regarding the Associate company's reference being filed under section 15(1) of SICA (SP) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 has registered the reference filed by the Associate company vide case no 109/2015.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- i) As required by Section 143 (3) of the Act, we report, to the extent applicable , that:
 - a) We have sought and , except for the possible effect of the matter described in the Basis for Qualified opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
 - c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) The going concern matter as described in sub-paragraph (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - g) On the basis of the written representations received from the directors of Holding company and the associate company as on March 31, 2016 taken on record by the Board of Directors of Holding company and the associate company , none of the directors of the Group Companies is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Consolidated Financial Statements disclosed the impact of pending litigations on Consolidated financial position in its Consolidated financial statements – Refer Note 21 to the Consolidated financial statements;
 - ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate company.

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Place : Ahmedabad
Date : May 30, 2016

Umesh Talati
Partner
Mem No. : 034834



SHAH ALLOYS LIMITED

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHAH ALLOYS LIMITED Referred to in our Report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of Shah Alloys Limited (hereinafter referred to as "the Holding Company") and its associate company, which is incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its its associate company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed 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. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 30, 2016


Consolidated Balance Sheet as at March 31, 2016

(Amount ₹ in Lacs)

	Note No	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
(a) Share Capital	3	1,979.75	1,979.75
(b) Reserves and Surplus	4	(39,967.09)	(73,455.46)
		(37,987.34)	(71,475.71)
(2) Non-Current Liabilities:			
(a) Long Term Borrowings	5	24,006.07	25,436.56
(b) Other Long Term Liabilities	6	35.00	964.59
(c) Long Term Provisions	7	117.06	130.34
		24,158.13	26,531.49
(3) Current Liabilities:			
(a) Short Term Borrowings	8	13,061.49	31,698.01
(b) Trade Payables	9	7,316.24	5,997.72
(c) Other Current Liabilities	10	55,641.51	80,679.14
(d) Short Term Provisions	11	450.65	414.17
		76,469.89	118,789.04
TOTAL		62,640.68	73,844.82
II. ASSETS			
(1) Non-Current Assets:			
(a) Fixed Assets	12		
(i) Tangible Assets		15,694.42	17,510.50
(ii) Capital work-in-progress		900.50	1,259.00
(b) Non-Current Investments	13	0.00	0.00
(c) Long Term Loans and Advances	14	227.02	226.72
(d) Deferred Tax Assets (Net)	15	34,815.71	41,291.30
		51,637.65	60,287.52
(2) Current Assets:			
(a) Inventories	16	8,243.23	8,177.30
(b) Trade Receivables	17	993.54	1,518.37
(c) Cash and Cash equivalents	18	305.41	100.04
(d) Short Term Loans and Advances	19	1,460.85	3,760.49
(e) Other Current Assets	20	0.00	1.10
		11,003.03	13,557.30
TOTAL		62,640.68	73,844.82
The accompanying notes are an integral part of these financial statements.		1 to 52	

As per our Report of even date
For Talati & Talati

 Chartered Accountants
 FRNo: 110758W

Umesh Talati

 Partner
 M.No. 034834

 Place : Ahmedabad
 Date : May 30, 2016

**For and on behalf of the Board
 Shah Alloys Limited**
Rajendra V. Shah Chairman

K.S. Kamath Jt. Managing Director

Ashok Sharma Whole Time Director

Yashpal Mehta V.P. & CFO

Vinod Kumar Shah Company Secretary

 Place : Santej
 Date : May 30, 2016


Consolidated Statement of Profit and Loss for the Year ended 31st March 2016

(Amount ₹ in Lacs)

	Note No	Year ended on 31 st March 2016	Year ended on 31 st March 2015
I. Revenue from operations	22	29,224.20	29,270.17
Excise duty		(3,123.75)	(3,132.89)
II. Other income	23	26,100.45	26,137.28
		136.44	444.74
III. Total revenue (I + II)		26,236.89	26,582.02
IV EXPENDITURE :			
Cost of materials consumed	24	19,265.84	17,769.56
Changes in inventories of finished goods & work-in-progress.	25	(216.88)	874.59
Employee benefits expense	26	1,210.13	1,539.48
Finance costs	27	2,313.56	6,946.57
Depreciation and Amortization Expense		1,816.08	3,938.51
Other Expenses	28	7,645.55	9,910.79
Total Expenses		32,034.28	40,979.50
V Profit / (Loss) before extraordinary items and tax (III-IV)		(5,797.39)	(14,397.48)
VI Extraordinary Item. (Refer Note No 38,40 & 42)		(24,711.85)	4,038.31
VII Profit / (Loss) before tax (V-VI)		18,914.46	(18,435.79)
VIII Tax expense:			
Deferred tax		6,475.59	(4,917.88)
IX Profit / (Loss) for the period (VII-VIII)		12,438.87	(13,517.91)
Share of Loss on Associate Concern		344.93	529.49
Profit / (Loss) for the period (VII-VIII)		12,093.94	(14,047.40)
X Earnings per equity share of face value of ₹ 10 each	29		
Basic & Diluted after Extraordinary Items		61.09	(70.96)
Basic & Diluted before Extraordinary Items		(63.73)	(50.56)
The accompanying notes are an integral part of these financial statements.	1 to 52		

As per our Report of even date
For Talati & Talati

 Chartered Accountants
 FRNo: 110758W

Umesh Talati

 Partner
 M.No. 034834

 Place : Ahmedabad
 Date : May 30, 2016

**For and on behalf of the Board
 Shah Alloys Limited**

Rajendra V. Shah	Chairman
K.S. Kamath	Jt. Managing Director
Ashok Sharma	Whole Time Director
Yashpal Mehta	V.P. & CFO
Vinod Kumar Shah	Company Secretary

 Place : Santej
 Date : May 30, 2016

Consolidated Cash Flow Statement for the year ended 31st March 2016

(Pursuant to the listing Agreement with Stock Exchange)

(Amount ₹ in Lacs)

Particulars	2015-16	
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit (Loss) before Tax		18,914.46
Adjustments for :		
Depreciation	1,816.08	
Unrealised Foreign (Gain) / Loss	(8.07)	
Interest expenses	2,313.56	
Interest waiver (OTS)	(24,725.42)	
Interest Income	(21.35)	
		(20,625.20)
		(1,710.74)
Operating Profit Before Working Capital Changes		
Adjustments for :		
Trade and other receivables	2,221.48	
Inventories	(65.91)	
Trade Payable and others	1,106.30	
		3,261.87
Cash Generated From Operations		1,551.12
Direct Taxes Paid		0.00
		1,551.12
Net Cash from Operating Activities (A)		1,551.12
Extra-ordinary Items		
Impairment of CWIP	358.50	
Interest waiver income (OTS)	24,725.42	
Provision for diminution in value of long term investments	(344.93)	
		24,738.99
Net Cash from Operating Activities after Extra Ordinary Items(A)		26,290.11
B CASH FLOW FROM INVESTING ACTIVITIES:		
Recovery of Loan Given	603.78	
Interest Income	21.35	
		625.13
Net Cash from Investing Activities(B)		625.13
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long term Borrowings (Net of repayments)	(5,759.79)	
Proceeds from Bank/ FIS borrowings for Working Capital.	(18,636.53)	
Interest Paid	(2,313.56)	(26,709.88)
Net Cash from Financing Activities(C)		(26,709.88)
Net Increase in Cash and Equivalent.(A+B+C)		205.37
Cash And Cash Equivalent as at the Beginning of the year		100.04
Cash And Cash Equivalent as at the Close of the year		305.41

**SHAH ALLOYS LIMITED****Consolidated Cash Flow Statement for the year ended 31st March 2016 [Contd...]****(Amount ₹ in Lacs)**

Particulars	2015-16
Note:	
Cash & Bank balances:	
a) Balance with Banks :	
- In Current accounts	285.22
b) Cash on hand	9.78
d) Other bank balances:	
- In Margin Money	10.41
Total	305.41
As per our Report of even date	For and on behalf of the Board
For Talati & Talati	Shah Alloys Limited
Chartered Accountants	Rajendra V. Shah Chairman
FRNo: 110758W	K.S. Kamath Jt. Managing Director
Umesh Talati	Ashok Sharma Whole Time Director
Partner	Yashpal Mehta V.P. & CFO
M.No. 034834	Vinod Kumar Shah Company Secretary
Place : Ahmedabad	Place : Santej
Date : May 30, 2016	Date : May 30, 2016

**Notes to Consolidated financial statement for the year ended 31 March 2016****1 1.1 CORPORATE INFORMATION :**

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel in Flat and Long products.

1.2 A BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

1.2 B PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Shah Alloys Limited ('the Company') and its associate. The consolidated financial statements have been prepared on the following basis:

- a) Investment in Associate Company has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".
- b) The Holding Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Holding Company and its associate to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss, based on available information.
- c) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate financial statements.
- e) In case where an Investor's share of losses of an associate equals or exceeds the carrying amount of the investment, the investor ordinarily discontinues recognising its share of further losses and the investment is reported at nil value. If the associate subsequently reports profits, the investor resumes including its share of profits only after its share of profits equals the share of net losses that have not been recognised earlier.

2 SIGNIFICANT ACCOUNTING POLICIES :**2.1 Use of Estimates:**

The preparation of the Financial Statements in conformity with the Generally Accepted Accounting principles requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue Recognition:

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Company recognizes Sales at the point of transfer of significant risks and rewards of ownership to the customers. Sales are inclusive of Excise Duty and Sales Tax and net of rebate/returns and trade discount. Sales tax / Value added tax paid is charged to Profit and Loss Accounts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account, the amount out-standing and the rate applicable.

2.3 Excise Duty

Excise Duty recovered are included in sales. Excise Duty in respect of increase / decrease in Finished Goods are shown separately under the head "Other expenses" and included in Val-uation of Finished goods.

2.4 Valuation of Inventories:

Inventories are valued at lower of cost and net realizable value after considering the credit of VAT and CENVAT.



SHAH ALLOYS LIMITED

In case of Raw Materials, Stock at third party and Stores and Spares are de-termined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost.

Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

2.5 Fixed Assets

- (a) Fixed assets are stated at cost (net of Cenvat credit), less accumulated depreciation and impairment loss, if any. [Other than "freehold land" where no depreciation is charged]. Costs include all expenses incurred to bring the assets to its present location and condition.
- (b) Capital Work in progress is stated at cost less impairment loss if any.
- (c) Cost of Trial run Production incurred during the initial period of production is capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects is capitalized amongst the various heads of fixed assets on the commencement of the projects.
- (e) Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

2.6 Depreciation and Amortization

Depreciation on tangible assets is provided by using the straight line method based on useful life specified in Schedule II of the Companies Act 2013 except for the following assets:

Electric Arc Furnance Useful life is estimated 8 years based on independent technical evaluation.

2.7 Cash flow statement

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

2.8 Investments

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

2.9 Foreign currency transactions

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Profit and Loss Account.

2.10 Employee Benefits:

(a) Short Term

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company

(b) Long Term

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.



(c) **Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(d) **Defined Benefit Plans**

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) **Other Employee Benefit**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

2.11 Borrowing cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.12 Taxation:

Income tax expenses comprise current tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

2.13 Impairment of Assets

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net selling price is the estimate selling price in the ordinary course of business less estimated cost of completion and to make the sales.

2.14 Earnings per share

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares issued during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

2.15 Provisions, Contingent Liability and Contingent Asset

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

2.16 Cash and Cash equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. This comprises cash and deposit with banks and financial institutions



Note 3: SHARE CAPITAL	As at March 31, 2016	As at March 31, 2015
The Authorised, Issued, Subscribed and fully Paid up Share Capital		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00
Total	3,500.00	3,500.00
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	1,979.75	1,979.75
[It comprises of 1,977,500 equity shares of Rs 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depository Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	1,979.75	1,979.75

a) Reconciliation of Number of Shares:

Equity Shares:	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Amount ₹ in lacs	Number of shares	Amount ₹ in lacs
Shares outstanding at the beginning of the year	19797540	1979.75	19797540	1979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	19797540	1979.75	19797540	1979.75

b) Rights, Preferences and restrictions attached to shares

Equity Shares

The company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual general meeting, except in case of interim dividend. In the case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of Shares held by Shareholders holding more than 5% in the Company

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta



(Amount ₹ in lacs)

Note 4: RESERVES & SURPLUS	As at March 31, 2016	As at March 31, 2015
i) Capital Reserve:	21,394.43	0.01
As per last balance sheet	0.01	0.01
Add: During the year (Refer note No. 42)	21,394.43	0.00
Closing balance	21,394.44	0.01
ii) Security Premium Reserve:	502.61	502.61
	502.61	502.61
iii) Debenture Redemption Reserve:	6,000.00	6,000.00
	6,000.00	6,000.00
iv) Surplus / (Deficit) in Statement of Profit & Loss:		
As per Last Balance Sheet	(79,958.08)	(65,803.81)
Transitional effect of Depreciation	0.00	(106.87)
Profit / (Loss) during the year	12,093.94	(14,047.40)
	(67,864.14)	(79,958.08)
Total (i)+(ii)+(iii)+(iv)	(39,967.09)	(73,455.46)

(Amount ₹ in lacs)

Note 5: LONG TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
(A) SECURED :		
I) Debentures		
- Non Convertible Debentures	2,708.33	3,958.33
II) Term Loans		
a) From Banks		
- Rupee Term Loan	324.04	1,485.40
- Funded Interest Term Loan	413.37	4,931.51
- Working Capital Term Loan	242.67	985.99
b) From Financial Institutions		
- Rupee Term Loan	16,808.76	4,722.59
- Funded Interest Term Loan	1,622.75	1,754.69
- Working Capital Term Loan	1,328.42	6,097.32
	23,448.34	23,935.83
(B) UNSECURED:		
Inter Corporate Deposits		
From Related Parties	26.00	752.00
From Others	164.00	164.00
Loans & Advances from related parties		
- From Director	367.73	584.73
	557.73	1,500.73
Total	24,006.07	25,436.56

(A) SECURED :
a) Nature of security and terms of repayment for secured borrowings
I) Non Convertible Debentures

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. (except Punjab National Bank's Corporate loan which has exclusive charge on 26,00,000 shares of SAL Steel Limited owned by Shah Alloys Limited. Thus First charge on fixed assets is not extended to Punjab national bank over the Corporate loan) Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all CDR lenders except for 26,00,000 shares on which Punjab national bank has exclusive charge. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

Non Convertible Debentures is repayable in equal monthly installment starting from June 2011 till May 2019.



Maturity profile of Non Convertible Debentures are as set out below :

(Amount ₹ in lacs)

Financial Year	Rate of Interest		Total
	9%	10%	
2017-18	250.00	1,000.00	1,250.00
2018-19	250.00	1,000.00	1,250.00
2019-20	41.67	166.66	208.33
Total	541.67	2166.66	2708.33

b) Period and Amount of default as on the Balance sheet

(Amount ₹ in lacs)

Particulars	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
2011-12	1,041.67	1460-1736 days	818.90	1460-1797 days
2012-13	1,250.00	1095-1370 days	980.00	1095-1431 days
2013-14	1,250.00	730-1005 days	980.00	730-1066 days
2014-15	1,250.00	365-640 days	890.00	365-700 days
2015-16	1,250.00	1-270 days	892.44	1-335 days
Total	6041.67		4,561.34	

II) Term Loan from Bank / Financial Institution:

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. (except Punjab National Bank's Corporate loan which has exclusive charge on 26,00,000 shares of SAL Steel Limited owned by Shah Alloys Limited. Thus First charge on fixed assets is not extended to Punjab national bank over the Corporate loan) Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all CDR lenders except for 26,00,000 shares on which Punjab national bank has exclusive charge. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2020.

Terms of repayment for term loans are as set out below :

(Amount ₹ in Lacs)

Particulars	2017-18	2018-19	2019-20	2020-21
Rupee term Loan from Bank	149.56	149.56	24.93	0.00
Term Loans from Financial Institution	1,450.97	1,512.97	7,202.83	6,642.00
Working Capital Term Loan from Bank	112.00	112.00	18.67	0.00
Working Capital Term Loan from Financial Institution	613.12	613.12	102.19	0.00
Funded Interest Term Loan from Bank	275.58	137.79	0.00	0.00
Funded Interest Term Loan from Financial Institution	1,081.83	540.92	0.00	0.00
Total	3,683.06	3,066.36	7,348.62	6,642.00

As per the terms of CDR Company has provided interest on Term Loan @10 % except LIC of India @8.75 %, on Working Capital Term Loan @10 % and on Funded Interest Term Loan @6 %


b) Period and Amount of default as on the Balance sheet

The company has made a default in repayment as follows:

Particulars	Period to which default relates	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
Rupee term Loan from Bank	2011-12	1,121.10	1460-1736 days	637.46	1460-1797 days
	2012-13	1,350.27	1095-1370 days	859.41	1095-1431 days
	2013-14	834.51	730-1005 days	749.58	730-1066 days
	2014-15	469.07	365-640 days	422.90	365-700 days
	2015-16	149.56	1-270 days	351.29	1-335 days
Term Loans from Financial Institution	2011-12	66.96	1460-1736 days	0.00	1460-1797 days
	2012-13	80.35	1095-1370 days	56.24	1095-1431 days
	2013-14	466.02	730-1005 days	56.24	730-1066 days
	2014-15	831.45	365-640 days	56.24	365-700 days
	2015-16	1,150.97	1-270 days	56.40	1-335 days
Working Capital Term Loan from Bank	2011-12	604.26	1460-1736 days	581.68	1460-1797 days
	2012-13	725.12	1095-1370 days	580.09	1095-1431 days
	2013-14	621.68	730-1005 days	580.09	730-1066 days
	2014-15	311.37	365-640 days	249.09	365-700 days
	2015-16	112.00	1-270 days	176.10	1-335 days
Working Capital Term Loan from Financial Institution	2013-14	103.44	730-1006 days	0.00	
	2014-15	413.75	365-640 days	0.00	
	2015-16	613.12	1-270 days	0.00	
Funded Interest Term Loan from Bank & Financial Institution	2010-11	0.00		354.90	1826-2070 days
	2011-12	0.00		468.18	1461-1704 days
	2012-13	0.00		519.57	1096-1339 days
	2013-14	678.71	730-821 days	463.74	730-1066 days
	2014-15	1,357.41	365-455 days	332.09	365-700 days
	2015-16	1,357.41	1-270 days	309.28	1-335 days
Total		13,418.53		7,860.59	

(B) UNSECURED :
Deposits:

The company has taken inter corporate deposit during the year from three related parties as mentioned herewith: SAL Care Pvt ltd of ₹ 8,10,00,000/- SAL Corporation Pvt. Ltd ₹ 26,00,000/- and SAL Hospital & Medical Institute ₹ 1,06,00,000/- .This party is covered under the register maintained under section 189 of the Companies Act , 2013.


SHAH ALLOYS LIMITED

(Amount ₹ in lacs)

Note 6: OTHER LONG TERM LIABILITIES	As at March 31, 2016	As at March 31, 2015
Security Trade Deposits	35.00	964.59
Total	35.00	964.59

(Amount ₹ in lacs)

Note 7: LONG TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	117.06	130.34
Total	117.06	130.34

(Amount ₹ in lacs)

Note 8 : SHORT TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	946.36	5,463.81
From Financial Institution	12,115.13	26,234.20
Total	13,061.49	31,698.01

a) Nature of security and terms of repayment for secured borrowings
Cash Credit Facilities

Hypothecation first charges on company's entire stocks of raw material, stock in progress, finished goods, book debts/receivables and all current assets stored in the company's factory premises, at all plants and / or elsewhere including those in transit covered by documents of title thereto, local and export usance bill ranking pari-passu in favor of all the working capital banks. Second charge on the entire movable and immovable assets both present and future on pari-passu basis. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

b) Period and Amount of default as on the Balance sheet

<i>Particulars</i>	<i>Period to which default relates capital facilities</i>	<i>Default in payment of interest on working capital facilities</i>	<i>Period of default</i>
Interest on Working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days
Total		6,946.00	

(Amount ₹ in lacs)

Note 9 : Trade Payables	As at March 31, 2016	As at March 31, 2015
Due to Micro, Small and Medium Enterprises *	0.00	0.00
Other than Micro, Small and Medium Enterprises	7,316.24	5,997.72
Total	7,316.24	5,997.72

* The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:

	As at March 31, 2016	As at March 31, 2015
- SAL Steel Limited	3,210.29	0.00
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	27.15	27.15
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	8.52	8.52



Note 10: OTHER CURRENT LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	1,250.00	1,250.00
- Term Loan from Banks	149.56	469.07
- Working Capital Term Loan from Banks	112.00	311.37
- Working Capital Term Loan from Financial Institutions	613.12	1,925.47
- Term Loan from Financial Institutions	1,350.97	1,491.34
- Funded Interest Term Loan from Bank	275.58	1,972.60
- Funded Interest Term Loan from Financial Institutions	1,081.83	701.88
	4,833.06	8,121.73
(b) Interest accrued & due on Borrowings	15,521.75	32,252.59
	15,521.75	32,252.59
(c) Income received in Advance	168.66	117.27
(d) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	6,041.67	4,791.67
- Interest Accrued on Matured Non Convertible Debentures	7,213.18	6,320.74
	13,254.85	11,112.41
(e) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	4,882.05	4,882.05
Add: Premium Payable on FCCB	2,355.83	2,355.83
	7,237.88	7,237.88
(f) Other Payables		
- Term Loan from Bank	722.86	1,922.69
- Working Capital Term Loan from Banks	541.33	1,193.57
- Working Capital Term Loan from Financial Institution	2,963.39	7,380.97
- Term Loan from Financial Institution	5,797.38	5,826.62
- Funded Interest Term Loan from Bank	688.95	2,958.90
- Funded Interest Term Loan from Financial Institution	2,704.58	1,052.81
- Statutory Dues Payable*	402.28	409.00
- Deferred Sales Tax Liability	497.99	671.99
- Unpaid Expenses	306.55	420.71
	14,625.31	21,837.26
Total	55,641.51	80,679.14

The Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of Companies Act, 2013.

Since Bond holders have yet not exercised the option no further interest has been accounted for. Accordingly Foreign Currency Convertible Bonds (FCCB) is due for repayment to Bond Holders. However, no payment has been made to Bond Holders.

* It includes amount in the nature of Statutory dues such as withholding taxes, service tax, VAT, Excise duty, etc.



(Amount ₹ in lacs)

Note 11: SHORT TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	36.00	25.80
- Leave Encashment	54.12	54.12
- Others*	360.53	334.07
Others		
- Provision for Wealth Tax	0.00	0.18
Total	450.65	414.17

* It includes bonus & other incentives to employees

Note 12: FIXED ASSETS
Tangible Assets :

(Amount ₹ in lacs)

Particulars	Freehold Land	Factory Building	Office/ Residential Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
As at 1 st April 2014	422.82	2,276.72	326.92	51,672.69	49.17	403.53	210.23	197.24	55,559.32
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	12.47	0.00	0.00	12.47
As at 31 st March 2015	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31 st March 2016	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Depreciation									
As at 1 st April 2014	0.00	806.96	33.24	32,498.80	43.91	358.06	141.13	119.18	34,001.28
Charge for the year	0.00	105.92	5.16	3,786.49	0.00	16.03	0.00	24.91	3,938.51
Disposal / Adjustments	0.00	19.06	0.00	0.00	2.80	(2.69)	58.58	18.80	96.56
As at 31 st March 2015	0.00	931.94	38.40	36,285.29	46.71	371.40	199.71	162.90	38,036.35
Charge for the year	0.00	85.62	5.16	1,714.91	0.00	0.10	0.00	10.29	1,816.08
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31 st March 2016	0.00	1,017.56	43.56	38,000.20	46.71	371.50	199.71	173.19	39,852.43
Net Block									
As at 31 st March 2015	422.82	1,344.78	288.52	15,387.40	2.46	19.66	10.52	34.34	17,510.50
As at 31 st March 2016	422.82	1,259.16	283.36	13,672.49	2.46	19.56	10.52	24.05	15,694.42

Capital work-in-progress	31.03.2016	31.03.2015
Plant & Machinery (Refer Note No 40)	900.50	1,259.00
Total	900.50	1,259.00

Notes:

- Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
- Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.



(Amount ₹ in lacs)

Note 13: NON CURRENT INVESTMENTS	As at March 31, 2016	As at March 31, 2015
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	3,994.96	3,994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Less : Provision for Diminution in value of Investment (Refer note No 38)	3,120.54	3,465.47
Less : Share of Loss from Associate	874.42	529.49
Total	0.00	0.00

Aggregate amount of Quoted Investment and Market Value ₹ 874.42 lacs (P.Y. ₹ 529.49 lacs)

(Amount ₹ in lacs)

Note 14: LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Security Deposits	227.02	226.72
Total	227.02	226.72

(Amount ₹ in lacs)

Note 15: DEFERRED TAX ASSETS (NET)	As at March 31, 2016	As at March 31, 2015
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	27,303.29	26,368.33
On account of disallowances under the Income tax act, 1961	10,215.83	17,828.78
Gross deferred tax asset (A)	37,519.12	44,197.11
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2,703.41	2,905.81
Gross deferred tax liability (B)	2,703.41	2,905.81
Net Deferred Tax (A-B)	34,815.71	41,291.30

(Amount ₹ in lacs)

Note 16: INVENTORIES (valued at lower of cost or net realizable value)	As at March 31, 2016	As at March 31, 2015
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	419.78	365.53
ii) In Transit	24.08	94.15
Work in Progress	834.44	438.53
Finished Goods	3,295.09	3,474.12
Stores & spares	3,669.84	3,804.97
Total	8,243.23	8,177.30



(Amount ₹ in lacs)

Note 17: TRADE RECEIVABLES	As at March 31, 2016	As at March 31, 2015
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	97.18	380.55
Others	896.36	1,137.82
Doubtful	162.20	98.58
Total	1,155.74	1,616.95
Less: Provision for claim / Doubtful debts	162.20	98.58
Total	993.54	1,518.37

Sundry Debtors include dues from Associate concerns:	2015-16 Amount	2014-15 Amount
- SAL College of Engineering (A Division of Adarsh Foundation)	8.72	8.72
- SAL Institute of Pharmacy (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institute of Management (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation)	11.66	11.66

(Amount ₹ in lacs)

Note 18: CASH AND BANK BALANCES	As at March 31, 2016	As at March 31, 2015
a) Balance with Banks :		
- In Current accounts	285.22	59.76
b) Cash on hand	9.78	8.04
c) Other bank balances:		
- In Margin Money *	10.41	32.24
Total	305.41	100.04

* Margin Money deposits with a carrying amount of ₹ 10.41 lacs (P.Y.: ₹ 32.24 lacs) are given as margin against bank guarantee

(Amount ₹ in lacs)

Note 19: SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Loans & advances to related parties		
- Intercompany Loan	0.00	603.78
Others		
Advances to suppliers	527.98	726.52
Balances with government authorities	745.02	2,272.16
Prepaid expenses	29.08	6.32
Deposits	0.00	0.97
Other Loans and Advance*	158.77	150.74
Total	1,460.85	3,760.49

* Includes Loan & advances given to Employees



(Amount ₹ in lacs)

Note 20: OTHER CURRENT ASSETS	As At March 31, 2016	As At March 31, 2015
Interest Accrued		
- On Deposits	0.00	1.10
Total	0.00	1.10

(Amount ₹ in lacs)

Note 21: CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As At March 31, 2016	As At March 31, 2015
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	29,495.98	29,081.67
- Banks / Financial Institution	54,068.74	0.00
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	20,750.00	20,750.00
- Bank guarantee given	17.98	38.00
(c) Other money for which the company is contingently liable		
- Disputed Income Tax /VAT/ Excise / Service tax Demand	3,613.76	1,588.63
(d) Commitment		
Estimated amount of contracts, remaining to be executed on capital account and not provided for ₹. 186.16 lac net of advance (Previous Year : ₹ 788.79 lac).		

(Amount ₹ in lacs)

Note 22: REVENUES FROM OPERATION	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
I. Sale of Products		
Manufactured Goods		
- Domestic	28,924.20	28,450.42
- Export	0.00	500.82
	28,924.20	28,951.24
II. Sale of service		
- Job work	0.00	8.57
- Manpower Services	300.00	300.00
	300.00	308.57
III. Other Operating Revenues		
- Export incentive	0.00	10.36
	0.00	10.36
Total	29,224.20	29,270.17



(Amount ₹ in lacs)

Note22.1: Particulars of Sale of Products	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Sales of Iron & Steel		
Bars ,Beams , Flats	909.27	1,135.39
Plate & Coil	13,788.93	25,867.65
Slab, Billets etc	14,226.00	1,948.20
Total	28,924.20	28,951.24

(Amount ₹ in lacs)

Note 23: OTHER INCOMES	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Interest Income	21.35	10.73
Miscellaneous Income	0.00	0.20
Foreign Exchange Fluctuation Gain (Net)	105.84	10.32
Other Non operating income		
Sundry Balances Written off (Net)	9.25	423.49
Total	136.44	444.74

(Amount ₹ in lacs)

Note 24: COST OF MATERIAL CONSUMED	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Opening Stock	459.68	1,889.71
Purchases	19,250.02	16,339.53
	19,709.70	18,229.24
Less :Closing Stock	443.86	459.68
Total	19,265.84	17,769.56

(Amount ₹ in lacs)

Note 25: CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK-IN-TRADE.	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
A) Opening Stocks		
- Finished Goods	3,474.12	3,212.16
- Work in process	438.53	1,575.08
- Stock in Trade	-	-
Sub-Total (A)	3,912.65	4,787.24
B) Less: Closing Stocks		
- Finished Goods	3,295.09	3,474.12
- Work in process	834.44	438.53
- Stock in Trade	-	-
Sub-Total (B)	4,129.53	3,912.65
Total (A)-(B)	(216.88)	874.59



(Amount ₹ in lacs)

Note 26: EMPLOYEES BENEFIT EXPENSES	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
Salaries & Wages	1155.86	1468.15
Contribution to Provident & Other Funds	39.18	45.21
Staff Welfare Expenses	15.09	26.12
Total	1210.13	1539.48

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under:

Particulars	2015-16	2014-15
Employer's Contribution to Provident Fund	38.85	44.88
Contribution for Key Managerial Person	0.33	0.33
	39.18	45.21

Defined Benefit Plan

The Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" which is mandatory from accounting periods starting from Dec 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

I. Reconciliation of opening and closing balance of Defined Benefit Obligation

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening defined benefit obligation	156.15	143.98
Excess / Short provision	0.00	4.80
Service cost	18.91	18.81
Interest cost	11.17	12.09
Actuarial (Gain) / Loss	(26.16)	(6.35)
Benefits paid	(7.00)	(17.19)
Closing defined benefit obligation	153.07	156.14

II. Reconciliation of opening and closing balance of fair value of plan assets

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening fair value of plan assets	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded
Expected return		
Actuarial Gain / (Loss)		
Employer contribution		
Benefits paid		
Closing fair value of plan assets		

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Fair value of plan assets	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded
Present value of obligation		
Amount recognised in balance sheet		


SHAH ALLOYS LIMITED
IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '26') (Amount ₹ in lacs)

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Service cost	18.91	18.81
Interest cost	11.17	12.09
Expected return on plan assets	0.00	0.00
Actuarial (Gain) / Loss	(26.16)	(6.35)
Prior year Charge	0.00	4.80
Net cost included in 'Employee Benefit Expense'	3.92	29.36

V. Investment Details

Particulars	% invested	
	2015-16 (%)	2014-15 (%)
Public sector securities	Not applicable as Gratuity Liability is not funded	Not applicable as Gratuity Liability is not funded
Special deposit schemes		
State Govt. securities		
FDR with banks		
Balance with banks		
Total		

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Discount rate (per annum)	7.90%	7.80%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	7.00%	7.00%

VII Amount for the current and previous four year are as follows:-

Gratuity (Unfunded)	31.03.2016 Amount	31.03.2015 Amount	31.03.2014 Amount	31.03.2013 Amount	31.03.2012 Amount
Defined Benefit obligation	153.07	156.15	143.98	176.03	184.33
Plan asset	0.00	0.00	0.00	0.00	0.00
Surplus/(deficit)	(153.07)	(156.15)	(143.98)	(176.03)	(184.33)
Experience adjustment on plan liability	(27.67)	(23.87)	(8.76)	(27.10)	(30.25)
Actuarial Loss / (Gain) due to change in assumptions.	1.51	17.52	(13.51)	0.00	0.00
Experience adjustment on plan assets	0.00	0.00	0.00	0.00	0.00

VIII Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2015-16 to the defined contribution plan. However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

(Amount ₹ in lacs)

Note 27: FINANCE COSTS	For the Year ended on 31 st March 2016	For the Year ended on 31 st March 2015
(a) Term loans		
- From Banks	836.67	2,857.09
- From Financial institution	56.40	56.24
(b) Working capital facilities	516.19	3,115.16
(c) Debentures	892.44	980.00
(d) Others	11.86	28.08
Total	2,313.56	6,946.57



(Amount ₹ in lacs)

Note 28: OTHER EXPENSES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Consumption of stores & spare parts	2,065.03	4,046.13
Power & fuel	4,256.55	4,391.31
Factory Labour expense	383.11	705.31
Provision for Excise Duty on finished goods	(24.68)	25.57
Factory Expenses	82.07	91.08
Repairs and maintenance :		
- to Factory Building	7.67	9.99
- to Plant & Machinery	27.77	61.98
- to Others	19.57	25.25
	55.01	97.22
Donation	0.15	0.13
Sales Tax expenses	108.98	68.98
Selling costs	59.55	40.76
Packing Cost	1.51	21.71
Freight outward expenses	373.52	171.93
Travelling & conveyance	40.30	55.51
Legal, Consultancy and Professional Fees	45.32	61.47
Miscellaneous expenses	47.00	32.37
Advertisement, Stationery and Communication	22.07	30.08
Payment to Auditors #	10.47	10.01
Rent	11.40	11.40
Rates and Taxes	16.25	10.87
Insurance	12.72	14.40
Bank Charges	15.60	24.55
Provision for Bad debt	63.62	0.00
Total	7,645.55	9,910.79

(Amount ₹ in lacs)

# Payment to Auditors :	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
As Auditor		
- Statutory Audit	7.50	7.50
For other services	2.10	2.00
For Reimbursement of Expenses	0.87	0.51
Total	10.47	10.01

(Amount ₹ in lacs)

Note 29: EARNING PER SHARE	Unit	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Net profit / (Loss) for the year attributable to Equity Shareholders before extraordinary item.	₹ in lacs	(12,617.91)	(10,009.10)
Net profit / (Loss) for the year attributable to Equity Shareholders after extraordinary item.	₹ in lacs	12,093.94	(14,047.40)
Weighted Average Number of Equity Shares outstanding	Nos.	1 97 97 540	1 97 97 540
Basic & Diluted earnings per share before extraordinary item (face value of ₹ 10 each)	₹	(63.73)	(50.56)
Basic & Diluted earnings per share after extraordinary item (face value of ₹ 10 each)	₹	61.09	(70.96)



SHAH ALLOYS LIMITED

Note 30: INFORMATION REGARDING STOCK

a) Capacity (As Certified by Management)

Class of products	Annual Licensed capacity (MT)		Annual Installed Casting (MT)	
	2015-16	2014-15	2015-16	2014-15
S.S.Flats, Bars & Castings, Hot Rolled M.S./S.S/A.S Plates , H.R. / C.R.Coil	N.A	N.A	3 00 000	3 00 000

b) Production:

Class of products	2015-16 Qty. (MT)	2014-15 Qty. (MT)
1. Finished Goods		
(a) Bars, Beams, Flats	630.024	1 058.930
(b) Plate & Coil	38 105.827	51 019.070
2. Semi-Finished Goods		
Slab, Billets, etc	50 126.903	2 685.094
TOTAL	88 862.754	54 763.094

c) Turnover (Excluding Trading Turnover)

Class of Goods	2015-16		2014-15	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods				
(a) Bars ,Beams , Flats	2 433.975	909.27	1 892.760	1135.39
(b) Plate & Coil	39 173.284	13788.93	47 316.701	25867.65
2. Semi-Finished Goods				
Slab, Billets etc	48 878.465	14226.00	5 292.585	1948.20
TOTAL	90 485.724	28924.20	54 502.046	28951.24

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2015		As at 01-04-2014		As at 31-03-2016		As at 31-03-2015	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods								
(a) Bars ,Beams , Flats	151.909	59.74	985.739	442.77	1 199.842	321.73	151.909	59.74
(b) Plate & Coil	8 984.770	3044.43	5 282.401	2425.01	7 957.463	2628.10	8 984.770	3044.43
(c) Excise Duty on Finished Goods		369.95		344.38		345.27		369.95
2. Semi-Finished Goods								
Slab, Billets etc	1 491.356	438.53	4 098.847	1575.08	2 739.794	834.43	1 491.356	438.53
TOTAL	10 628.035	3912.65	10 366.987	4787.24	11 897.099	4129.53	10 628.035	3912.65


Note 30: INFORMATION REGARDING STOCK (Contd...)
e) Consumption of Raw materials:

Particulars	2015-16		2014-15	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
Scrap	84,211.890	12,990.69	58,873.931	12,784.00
Ferro Chrome	929.363	516.78	2,945.107	1,906.83
M.S.Slab	19,862.703	4,850.37	0.000	0.00
Others	1,879.616	908.00	4,225.181	3,078.73
TOTAL	106,883.572	19,265.84	66,044.219	17,769.56

f) Value of imports calculated on C.I.F. basis during the financial year in respect of:
(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Raw Materials	6,410.34	147.83
Stores & Spares	11.69	12.50

g) Expenditure in foreign currency during the financial year
(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Travelling Expenses	0	1.71
Commission on Export Sales.	0	1.79

h) Value of Raw Materials, Stores, Chemical & Spares consumed during the year:

Particulars	2015-16		2014-15	
	Amount (₹ in Lacs)	% of consumption	Amount (₹ in Lacs)	% of consumption
Raw Material-Manufacturing Activity				
Imported	7,228.75	37.52%	1,337.04	7.52%
Indigenous	12,037.09	62.48%	16,432.52	92.48%
Total	19,265.84	100.00%	17,769.56	100.00%
Stores & Spare parts				
Imported	13.53	0.66%	14.61	0.36%
Indigenous	2,051.50	99.34%	4,031.52	99.64%
Total	2,065.03	100.00%	4,046.13	100.00%

i) Earning in Foreign Exchange:
(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
FOB Value of exports	0	461.65



SHAH ALLOYS LIMITED

Note 31: RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i) Concern where significant interest exists.

Sr. no	Name of the Concern	Nature of Relationship
1	SAL Steel Limited	Associate
2	SAL Corporation Pvt. Ltd - SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	Enterprise with significant influence
3	SAL Care Pvt. Ltd. - SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	Enterprise with significant influence
4	Adarsh Foundation - SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation) - SAL Institute of Pharmacy (A Division of Adarsh Foundation) - SAL Institute of Management (A Division of Adarsh Foundation) - SAL College of Engineering (A Division of Adarsh Foundation) - Kesar SAL Hospital (A Division of Adarsh Foundation)	Enterprise with significant influence

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director
4	Mr. Yashpal Mehta	Vice President & Chief Financial Officer (CFO)
5	Mr. Vinodkumar Shah	Company Secretary

iii) Disclosure of Related Party Transactions

(Amount ₹ in Lacs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2015-16	2014-15	2015-16	2014-15
1	Purchase of goods & Services	5750.69	3474.85		
2	Purchase of Power	2868.71	2019.41		
3	Sales of Goods	105.13	409.51		
4	Manpower Charges Recovered	300.00	300.00		
4	Rent paid	9.60	9.60		
5	Loan Availed	942.00	430.00		
6	Loan Repaid	1885.00	575.00		
7	Intercompany Loan Recoved	603.78	7396.22		
8	Remuneration			49.68	44.88


iv) Disclosures of material transactions with related parties during the year:
(Amount ₹ in lacs)

Sr.No.	Description	Related Parties	2015-16	2014-15	Balance outstanding as at	
					3/31/2016	3/31/2015
1	Purchase of Goods & Services	SAL Steel Ltd	5,750.69	3,471.01	3,210.29	0.00
		SAL Pharmacy	0.00	3.34	8.52	8.52
		SAL Hospital & Medical Institute	0.00	0.50	27.15	27.15
2	Purchase of power	SAL Steel Ltd	2,868.71	2,019.41		
3	Sales of goods	SAL Steel Ltd	105.13	407.78		
		SAL Hospital & Medical Institute	0.00	1.73		
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	142.80	142.80	11.66	11.66
		SAL Institute of Pharmacy	25.20	25.20	2.06	2.06
		SAL Institute of Management	25.20	25.20	2.06	2.06
		SAL College of Engineering	106.80	106.80	8.72	8.72
5	Rent paid	SAL Steel Ltd	9.60	9.60		
6	Remuneration to Key Management Personnel	Mr. K S Kamath	12.92	12.92		
		Mr. Ashok Sharma	12.00	12.00		
		Mr. Yashpal Mehta	9.76	9.76		
		Mr. Vinod Shah	15.00	10.20		
7	Loan Aailed	SAL Care Pvt Ltd.	810.00	430.00	0.00	752.00
		SAL Corporation Pvt. Ltd.	26.00	0.00	26.00	0.00
		SAL Hospital & Medical Institute	106.00	0.00	0.00	0.00
		Mr. Rajendra V Shah	0.00	0.00	367.73	584.73
8	Loan Repaid	SAL Care Pvt Ltd.	1,562.00	575.00		
		Mr. Rajendra V Shah	217.00	0.00		
		SAL Hospital & Medical Institute	106.00	0.00		
9	Intercompany Loan Recoved	SAL Steel Ltd	603.78	7,396.22	0.00	603.78

32. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.

33 Corporate Debt Restructuring (CDR) Cell through their lead bank, Union Bank of India had sanctioned a comprehensive debt restructuring scheme vide their letter No. BY.CDR (ABP) No. 1084 dated 22.1.2008. As per scheme company was supposed to make monthly payment of interest & installment by 01st October 2009. Looking to prevailing condition and reciprocal obligation not fulfilled by the CDR lenders & consequential losses incurred by the company in the year 2008, company had again approached CDR Cell for extension of moratorium period and CDR Cell had approved the rework proposal of the company vide their letter dated BY.CDR (ABP) NO.380/2009-10 dated 03-07-2009. The principal terms of the 2nd CDR Scheme and its compliances are as under:

(a) Deferring repayment of Term loan ₹ 15,605.13 lacs Working capital term loan ₹ 17,782.65 lacs and Non Convertible Debentures ₹ 10,000.00 lacs for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.



SHAH ALLOYS LIMITED

- (b) Interest for the moratorium period i.e. up to May 2011 shall be converted into Funded interest term loan (FITL) carrying interest rate of 6% p.a. repayable in 20 equal quarterly installments commencing from December 2013 quarter. Interest on FITL shall be serviced as and when due.

Consequent upon the sanction of the restructuring package, the company had to start repaying the aforesaid loans sanctioned by banks/institutions and debenture holders from June 2011 onwards however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL, Non convertible Debentures and FITL are as under:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹ in lacs)</i>	<i>Period for which the default subsists</i>
Term Loan	2011-12	1,188.05	1460-1736 days
	2012-13	1,430.61	1095-1370 days
	2013-14	1,300.52	730-1005 days
	2014-15	1,300.52	365-640 days
	2015-16	1,300.52	1-270 days
Working Capital Term Loan	2011-12	604.26	1460-1736 days
	2012-13	725.12	1095-1370 days
	2013-14	725.12	730-1005 days
	2014-15	725.12	365-640 days
	2015-16	725.12	1-270 days
Non Convertible Debenture	2011-12	1,041.67	1460-1736 days
	2012-13	1,250.00	1095-1370 days
	2013-14	1,250.00	730-1005 days
	2014-15	12,50.00	365-640 days
	2015-16	1,250.00	1-270 days
Funded Interest Term Loan (FITL)	2013-14	678.70	730-821 days
	2014-15	1,357.41	365-455 days
	2015-16	1,357.41	1-270 days

As per CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards, the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) has to be serviced as and when due.

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD). The Amount and the period of default are as listed under:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹ in lacs)</i>	<i>Period for which the default subsists</i>
Interest on Term Loan	2011-12	637.46	1095-1431 days
	2012-13	915.65	1095-1431 days
	2013-14	805.82	730-1066 days
	2014-15	479.14	365-700 days
	2015-16	407.69	1-335 days
Interest on Working Capital Term Loan	2011-12	581.68	1095-1431 days
	2012-13	580.09	1095-1431 days
	2013-14	580.09	730-1066 days
	2014-15	249.09	365-700 days
	2015-16	176.10	1-335 days
Interest on Non Convertible Debenture	2011-12	818.90	1460-1797 days
	2012-13	980.00	1095-1431 days
	2013-14	980.00	730-1066 days
	2014-15	890.00	365-700 days
	2015-16	892.44	1-335 days



As per the terms of the CDR, Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of interest on FITL. The amount and the period of default are as mentioned below:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹ in lacs)</i>	<i>Period for which the default subsists</i>
Interest on Funded Interest Term Loan(FITL)	2010-11	354.90	1826-2070 days
	2011-12	468.18	1461-1704 days
	2012-13	519.57	1096-1339 days
	2013-14	463.74	730-1066 days
	2014-15	332.09	365-700 days
	2015-16	309.28	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

<i>Particulars</i>	<i>Period to which the default relates</i>	<i>Default (Amount in ₹)</i>	<i>Period for which the default subsists</i>
Interest on working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days

- c) Rate of interest on Term Loan, Non Convertible Debenture and WCTL will be 10% p.a. for the term lenders who are presently charging more than 10% p.a. payable monthly. Existing rates will continue for those lenders who are charging less than 10% p.a. payable monthly and FITL will carry interest at the rate of 6 % per annum.

As per the terms of the CDR, the company has brought in Promoters' contribution during the year 2009-10.

- 34 Secured Borrowings from the below mentioned banks have been transferred / assigned to financial institution together with all their rights, title and interest in the financial documents and any underline security interest/pledges and /or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank	31/12/2012	Asset Reconstruction Company (India) Ltd
IDBI Bank	28/03/2014	Asset Reconstruction Company (India) Ltd
Bank of Baroda	26/03/2014	Edelweiss Assets Reconstruction Company Ltd.
Oriental Bank of Commerce	04/08/2014	Edelweiss Assets Reconstruction Company Ltd.
Bank of Maharashtra	13/05/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.
Punjab National Bank	31/03/2016	Invent Assets Securitization & Reconstruction Pvt. Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with Asset Reconstruction Companies (ARC) and hence due to non availability of agreement with Asset Reconstruction Companies (ARC), the company has taken the CDR – 2 orders as base for classification of current / non-current liability and default of total borrowing.

- 35 The company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its order number 13/2010 dated 31st August, 2010 has declared that the company has become sick industrial company u/s 3(1)(o) of SICA. [Sick Industrial Companies (Special Provision) Act, 1985].
- 36 Balances of Secured Loan, Unsecured Loans, Bank balances, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.
- 37 Certain balance of Debtors, Loans and Advances and Creditors are non-moving/ slow moving since long, however in view of the management the same is recoverable / payable and hence no provision for the same is made in the books of accounts.
- 38 The Holding Company has long term investment in the shares of SAL Steel Limited amounting to 3,994.96 lacs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2016, the Company has accumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited also indicates that the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. Also there is no major movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there is decline, other than temporary, in the value of a long term investment. And as a result, we have accounted for investment in shares of SAL Steel Ltd at



SHAH ALLOYS LIMITED

market rate of shares @ ₹ 2.89 per share reducing the value of investment to ₹ 8,74.43 lacs and provided for ₹ 3,120.54 lacs as diminution other than temporary in the value of investment in books of accounts. The balance amount of investment i.e. ₹ 874.42 lacs has been written off against its share of losses from the associate making the value of Investment to be zero as at 31st March, 2016.

39 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the previous years and the Company's current liabilities exceed its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating with the ARC / lenders for one time settlement (OTS) and expecting the waiver of interest with the banks. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post OTS, Company will reduce the interest burden drastically and will be optimistic about reducing of accumulated losses gradually.

40 Since last many years the company does not have internal accruals from the operations and as a result, management do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. Since the capital project is not anticipated to complete in future, we have provided for the impairment loss for the amount of ₹. 358.50 lacs to the statement of profit and loss during the current year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects.

41 Foreign currency exposure at the yearend not hedged by derivative instruments:

Particulars	As at 31 st March 2016	As at 31 st March 2015
Advance payment to suppliers		
₹ in lacs	293.23	158.17
US Dollar	4.42	2.21
AED	0	1.17
Receivables against export of goods		
₹ in lacs	0	27.81
US Dollar	0	0.44
Advance received from customers		
₹ in lacs	0	6.41
US Dollar	0	0.10
Euro	0	0
FCCB Payable (Including Interest)		
₹ in lacs	7,237.88	7,237.88
US Dollar	148.25	148.25

42 The company has entered into settlement agreement with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited. The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 14,615.00 lacs towards full and final settlement against the total liability (Principal and Interest) of ₹ 60,734.85 lacs resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs, the waiver of liability of Principal portion of ₹ 21,394.43 lacs has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 24,725.42 lacs has been offered as an Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2016.

43 The Holding Company's accumulated share of losses in the Associate since the date of being an Associate till March 31, 2015 exceeds its investment value in Shares of SAL Steel limited(Associate). Hence, Holding Company's Share of accumulated losses in the Associate completely reduces the Investment value and hence, adjustment of share of loss can be made to the carrying value of investment to the extent of the balance of Investment only in FY: 2015-16. This is in accordance with Accounting Standard 23 ," Accounting for Investment in Associates" which states that If Investors' share of losses in associate equals or exceeds the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.

44 Additional information pursuant to Schedule III to the Companies Act, 2013

Statement of Net assets and Profit or loss attributable to owners and minority interest.

Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
	% of Consolidated Net Assets	Amount ₹ in lacs	% of Consolidated Profit and Loss	Amount ₹ in lacs
Associate Concern SAL Steel Limited	8.64	(3509.70)	30.09	(1024.44)



- 45 The Holding Company's share of losses in the Associate has been recognized in the books of accounts to the extent of the carrying amount of the value of Investment. This is in accordance with Accounting Standard 23, "Accounting for Investment in Associates" which states that If Investors' share of losses in associate equals or exceeds the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.
- 46 Associate Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in Iron & Steel Industry. Further the Company generates power in its power plant which is used for captive as well as trading purpose. In view of this, the associate company has to consider "Iron & Steel" and "Power" as Primary Reportable business segment, as per Accounting Standard -17, Segment Reporting. However, due to substantial competition, risk, on-going position of Company and largely in the interest of the Company as well as interest of the stake holders involved, therefore, management has not made disclosure of Primary Reportable segment as per Accounting Standard -17 "Segment Reporting".
- 47 As at the year end the Associate Company has accumulated losses and its net worth has been fully eroded. Their Financial results indicate that the Associate Company has a net loss during the current and previous year and their current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Associate Company have been prepared on a going concern basis based on that the Associate Company is actively negotiating for settlement. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post settlement, the Company will reduce interest burden drastically and will be optimistic about reducing of accumulated losses gradually.
- 48 Secured Borrowings from the below mentioned banks of the Associate Company have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (Financial Institution) together with all their rights, title and interest in the financial documents and any underlined security interest / pledged and / or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred / Assigned
State Bank of Hyderabad	01/07/2015
Union Bank of India	03/07/2015
State Bank of India	30/10/2015

The Associate Company has stopped making provision for interest on such borrowing from the date of transfer due to pending settlement with Invent Assets Securitization and Reconstruction Pvt Ltd and hence due to pending settlement, the company has taken last sanction letter as a base for classification of current / non-current liability and default of the said borrowings.

- 49 During the year, the Associate Company has obtained technical valuation of their Capital work In Progress from the approved valuer and booked impairment loss of ₹ 31,70,24,474/- to the statement of Profit and Loss and shown as an extraordinary items.
- 50 Apart from this impairment loss booked by Associate Company, the Company has paid the capital advances for the amount of ₹9,41,22,080/- which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements. The machines are manufactured and ready for dispatch but company does not have further fund to pay balance amount and to lift the machines. However, the management is trying to recover such advances from the suppliers fully subject to provision of ₹ 1,69,32,523/- made in the books of accounts.
- 51 The Associate Company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 had registered the reference filed by the company vide case no 109/2015.
- 52 The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year.

As per our report attached to the Balance Sheet

Signatures to Notes 1-52

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For Talati & Talati

Chartered Accountants
FRNo: 110758W

Umesh Talati

Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

**For and on behalf of the Board
Shah Alloys Limited**

Rajendra V. Shah Chairman
K.S. Kamath Jt. Managing Director
Ashok Sharma Whole Time Director
Yashpal Mehta V.P. & CFO
Vinod Kumar Shah Company Secretary

Place : Santej
Date : May 30, 2016

**SHAH ALLOYS LIMITED****SHAH ALLOYS LIMITED**

CIN: L27100GJ1990PLC014698

5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

ATTENDANCE SLIP

DP ID*	Folio
Client ID*	No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 26TH **ANNUAL GENERAL MEETING** of the Company held on Saturday, 24th September, 2016 at 11:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060.

Signature of the Shareholder | Proxy

* Applicable for investors holding shares in electronic form.

SHAH ALLOYS LIMITED

CIN: L27100GJ1990PLC014698

5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

Form No. MGT- 11**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Members : _____
Registered Address : _____
E-mail Address : _____
Folio No. | Client ID : _____
DP Id : _____

I/we, being the member(s) of _____ shares of SHAH ALLOYS Ltd, hereby appoint:

- 1) _____ of _____
having e-mail id _____ or failing him
- 2) _____ of _____
having e-mail id _____ or failing him
- 3) _____ of _____
having e-mail id _____

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th **ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 24th September, 2016 at 11:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO**Resolutions****Ordinary Business**

- 1 Adoption of financial statements for the year ended on March 31, 2016
- 2 Reappointment of Shri Ashok A. Sharma as Director
- 3 Appointment of Talati & Talati as Statutory Auditor and fix their remuneration
- 4 Approval of Related Party transactions
- 5 Ratification of Remuneration of Cost Auditors

Affix
Revenue
Stamp

Signed this _____ day of _____ 2016.

Signature of first proxyholder

Signature of Second proxyholder

Signature of Third proxyholder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Route map to reach venue of the Annual General Meeting





www.shahalloys.com



Shah Alloys Limited

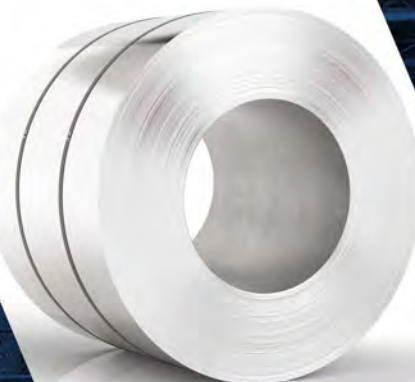
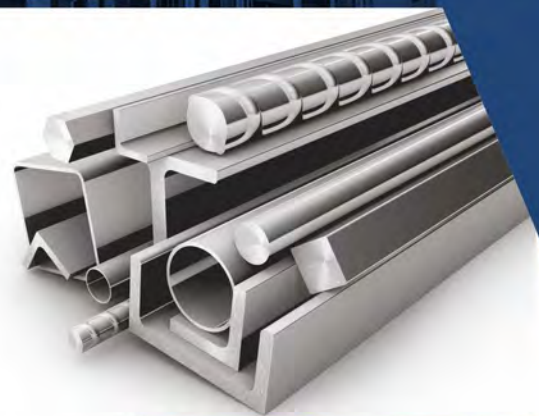
If undelivered please return to:

CORPORATE OFFICE

Corporate House, Sola-kalol Road,
Santej - 382721, Ta.Kalol, Dist. Gandhinagar

SAL
SHAH ALLOYS LTD.

Building Tomorrow
with
STEEL



Annual Report
2016-17

27TH ANNUAL REPORT
CIN L27100GJ1990PLC014698

Board of Directors

Shri Rajendra V. Shah	<i>Non Executive Chairman</i>
Shri Kandodi Srinivas Kamath	<i>Jt. Managing Director</i>
Shri Ashok A Sharma	<i>Whole-Time Director</i>
Shri Dilip Kumar Sinha	<i>Independent Director</i>
Shri G.M. Shaikh	<i>Independent Director</i>
Shri Tejpal S Shah	<i>Independent Director</i>
Shri Harshad M Shah	<i>Independent Director</i>
Smt. Shefaliben M. Patel	<i>Independent Director</i>

Chief Financial Officer

Shri Yashpal Mehta (upto 30th June 2017)

Company Secretary & Compliance Officer

Shri Vinod Kumar Shah

Audit Committee

Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Rajendra V. Shah

Nomination and Remuneration Committee

Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Harshad M. Shah

Stakeholders' Relationship Committee

Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Ashok Sharma

Registered Office

5/1 Shreeji House,
B/h M.J. Library, Ashram Road,
Ahmedabad – 380 006

Administrative Office

Shah Alloys Limited
Corporate House,
Sola-Kalol Road, Village Santej,
Dist.-Gandhinagar-382 721

Plant

Shah Industrial Estate,
Block No. 2221, Sola – Kalol Road,
Village – Santej, Dist.– Gandhinagar-382 721

Statutory Auditors

Talati & Talati
Chartered Accountants
Ambika Chambers, Nr. Old High Court,
Navarangpura, Ahmedabad-380 009.

Secretarial Auditors

Kamlesh M. Shah & Co.
Company Secretaries
801-A, 8th Floor, Mahalaya Complex,
Opp. Hotel President, B/h. Fairdeal House,
Swastik Cross Roads, Off C.G.Road,
Navrangpura, Ahmedabad 380 009

Registrar and Share Transfer Agents

Bigshare Services Private Limited
(Unit: Shah Alloys Limited)
Bharat Tin Works Building,
1st Floor, Opp. Vasant Oasis,
Makwana Road, Marol,
Andheri – East, Mumbai – 400059, Maharashtra
Board No. : 022 6263 8200
Email id.: info@bigshareonline.com
Website : www.bigshare.com

Bankers to the Company

ICICI Bank Ltd.
Union Bank of India
State Bank of India

Shareholders are requested to bring their copies of Annual Report at the Annual General Meeting as the same will not be distributed in the Meeting Hall.

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NOTICE

NOTICE is hereby given that 27th Annual General Meeting of the Members of **SHAH ALLOYS LIMITED** will be held on Saturday, 30th September, 2017 at 12:00 noon at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2017, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri K S Kamath (DIN 00261544), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendations of the Audit Committee and the Board of Directors, M/s. Parikh and Majmudar, Chartered Accountants, Ahmedabad (Firm Reg. No. 107525W) be and are hereby appointed as Statutory Auditors of the Company in place of M/s Talati & Talati, Chartered Accountants, Ahmedabad (ICAI Registration No. 110758W) at this Annual General Meeting, at such remuneration plus reimbursement of out-of pocket, travelling expenses etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.

RESOLVED FURTHER THAT M/s Parikh & Majmudar, Chartered Accountants, Statutory Auditors of the Company shall hold office for a period of five years, from the conclusion of this Twenty-seventh Annual General Meeting till the conclusion of Thirty first Annual General Meeting of the Company (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting).

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass, with or without modification(s), following resolution as **Ordinary Resolution:**
“RESOLVED THAT pursuant to the provisions of Regulation 23 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter as “SEBI (LODR)”], as amended from time to time, consent of the Members be and is hereby accorded for all material related party contracts or arrangements entered and to be entered into financial year 2017-18 between the Company and S.A.L. Steel Limited for purchase of power, materials and services and sale of material to S.A.L. Steel Ltd. at a prevailing market price in ordinary course of business.
RESOLVED FURTHER THAT consent of the Members be and is hereby accorded for ratification of related party transactions between the Company and S.A.L. Steel Limited entered into during the period 2016-17.
RESOLVED FURTHER THAT the Board of Directors (the “Board”) and/or any Committee constituted by the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all acts, deeds, things as may be deemed necessary, proper and desirable.”
5. To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution:**
“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 be paid the remuneration of ₹ 1,00,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit.”

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her self and proxy need not be a member. The proxies to be effective should be deposited at the Registered Office/Corporate Office of the Company not later than 48 hours before the commencement of the meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.
2. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members as per the applicable Regulations relating to e-voting. The complete instructions on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on 30th September 2017.
3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative/s to attend and vote at the Annual General Meeting.

4. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of directors seeking appointment/reappointment at the Annual General Meeting is given in detail, as annexed hereto.
5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting, is annexed hereto.
6. **Shareholders are requested to bring their copy of Annual Report to the meeting.**
7. Members/Proxies should fill Attendance Slip for attending the meeting.
8. **The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd September, 2017 to Saturday, 30th September, 2017 (both days inclusive).**
9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the Explanatory Statement will remain open and available for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
12. **Members who have not registered their email IDs so far with their depository participants, are requested to register their email IDs for receiving all the Communications including Annual Report, Notices etc. in electronic mode.**
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014 and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository.
14. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2017 is uploaded on the Company's website www.shahalloys.com and may be accessed by the members.
15. Electronic copy of the Annual Report for 2016-17 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, a physical copy of the Annual Report for 2016-17 is being sent in the permitted mode.

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on 27.09.2017 at 10 a.m. and ends on 29.09.2017 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 21.09.2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- (B) The voting period begins on 27.09.2017 at 10 a.m. and ends on 29.09.2017 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 23.09.2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

GENERAL INSTRUCTIONS FOR VOTING:

- a. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- b. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- c. Shri Kamlesh M. Shah, Practicing Company Secretary, (Membership No. A8356 and COP No. 2072, Address: 801-A, Mahalay Complex, Opp: Hotel President, B/h. Fairdeal House, Swastik Cross Roads, Navrangpura, Ahmedabad: 380 009, Gujarat, India,) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, submit to the Chairman of the Company.

- e. Results declared by the Chairman along with the Scrutinizer's Report shall be placed on the Company's website <http://www.shahalloys.com> and on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company. The results shall be communicated to the NSE and BSE Limited and will also be uploaded on website of Stock Exchanges.
- f. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23.09.2017, may obtain the login ID and password by sending a request at www.evotingindia.com.

Note : For detailed instructions for e-voting, please visit website of CDSL.

By order of the Board

Date : 5th August, 2017

Place : Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006

CIN: L27100GJ1990PLC014698

Vinod Kumar Shah

Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND THE RULES FRAMED THEREUNDER

Item No. 4:

The Securities and Exchange Board of India, vide its Circular No. SEBI/LAD-NRO/GN/2015-16/013 dated 2nd September, 2015 (the "said circular"), introduced the regulations called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein after "SEBI (LODR)"]. As per regulation 23 (4) of the SEBI (LODR), all material related party transactions shall require approval of the shareholders through resolution in the General Meeting. The related party transactions set out below are all contractual obligations entered / to be entered into by the Company in its ordinary course of business and are arms' length transactions for financial year 2017-18:

For financial year 2017-18

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount Approx. (₹ in crore)
S.A.L. Steel Limited	Associate Company	Purchase of Power & Material	300.00
		Sale of Material	10.00

As approved by the members in the Annual General Meeting held on 24.09.2016, Company entered into related party transactions for the financial year 2015-16 for purchase of Power & Material to the extent of ₹ 150 Crores. However, Company executed transactions amounting to ₹ 171.00 Crores (approx.). In compliance of Companies Act, 2013 and SEBI (LODR) Regulations 2015, Members approval is sought for ratification of excess transactions.

Purpose of the aforementioned material related party transactions

Company promoted SAL Steel Ltd. in 2003. The Project of SAL Steel is backward integration project since finished product of SAL Steel Ltd. is raw material for the Company. Further, SAL Steel Ltd. has installed group captive power plant of 40 MW and as such SAL Steel Ltd. has permission of wheeling of power to the Company. On account of above, Shah Alloys is purchasing finished product of SAL Steel Ltd. as also power generated by group captive power plant. Sale of material to SAL Steel Ltd. includes various products of the company required by SAL for maintenance of its plant and other purposes. Transactions made with SAL Steel Ltd. are at Arms' length basis in the ordinary course of business.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions except Shri Rajendra V Shah.

ITEM NO. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 at the remuneration of ₹ 1,00,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

For and on behalf of the Board

Date: 5th August 2017

Place: Santej

Registered Office:

5/1 Shreeji House,
B/h M.J. Library,
Ashram Road,
Ahmedabad: 380 006
CIN: L27100GJ1990PLC014698

Vinod Kumar Shah
Company Secretary

Details of the directors seeking re-appointment in the 27th Annual General Meeting of the Company
[Pursuant to regulation 36 (3) of the SEBI (LODR) Regulations, 2015]

Name of Director	Shri Kandodi Srinivas Kamath
DIN	00261544
Date of Birth	05.05.1960
Date of Appointment	26.04.2006
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	Shri Kandodi Srinivas has more than 35 years of experience in Steel Industry.
Qualification	B.Com.
No. of Equity Shares held in the Company	NIL
List of other Companies in which Directorships are held	NIL
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	He is Chairman of Corporate Social Responsibility Committee in Shah Alloys Limited.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 27th Annual Report of your company on the operations and performance along with the Audited Financial Statements for theyear ended on 31st March 2017.

FINANCIAL HIGHLIGHTS

Particulars	₹ in Crores	
	March 31, 2017	March 31, 2016
Total Revenues	312.28	262.37
Less: Total Expenditure	312.72	279.05
Profit / (Loss) before interest, depreciation, extraordinary item and tax	(0.44)	(16.68)
Less: Depreciation and Interest	28.07	41.30
Profit / (Loss) after depreciation and Interest but before extraordinary item and Tax.	(28.51)	(57.98)
Less: Extraordinary item	(80.98)	(247.12)
Profit after Extraordinary item but before tax	52.47	189.14
Less: Tax Expense / Deferred tax	10.11	64.76
Net Profit available for Appropriation	42.36	124.38
Balance to be carried forward	(628.73)	(671.09)

STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

During the year under review Total revenue from Operations and from other operating income increased from ₹ 262.37 crores in the previous year to ₹ 312.28 crores. Company has registered a profit of ₹ 42.36 crores in comparison to the profit of ₹ 124.38 crores during previous year.

During the year under review settlement agreement executed with Edelweiss Assets Reconstruction Company Limited (EARC) for the entire dues of Bank of Baroda, Oriental Bank of Commerce and Axis Bank. Company has been in constant touch with the lenders, financial institution and ARCs for settlement of remaining dues.

DIVIDEND

Due to high accumulated losses, your Directors have not recommended dividend for the financial year 2016-17.

BUSINESS ACTIVITY

The company is engaged in manufacturing of wide range of Stainless Steel, alloy & Special steel, Carbon/Mild Steel and Armour Steel in Flat and Long products. There has been no change in the nature of business of the Company.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The company is not having holding or subsidiary company during the year and no other company has become holding / subsidiary/ joint venture. However, it has one associate company as per details as under:

Sr. No.	Name of the Company	CIN/GLN	Concern	% of shares held by Company	Applicable Section
1.	S.A.L. Steel Limited	L29199GJ2003PLC043148	Associate	35.61%	2(6)

The Consolidated Financial Statements of the Company and its Associate, viz., SAL Steel Ltd., has been prepared in accordance with the relevant Accounting Standards of the Institute of Chartered Accountants of India, duly audited by the Statutory Auditors and form part of the Annual Report and are reflected in the Consolidated Accounts.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's associate in Form AOC-1 is attached to this report as **Annexure- 1**.

DEPOSIT

The Company has not accepted any public deposit during the year under review and no amount against the same was outstanding at the end of the year.

DETAILS OF LOANS, GUARANTEES AND INVESTMENTS U/S 186 OF THE COMPANIES ACT, 2013

During the year under review the Company has not made any inter corporate loans, investments, given any corporate guarantee to any other body corporate, subsidiary, associate or any other company.

REGULATORY STATEMENT

In conformity with provision of regulation 34(2)(c) & 53(b) of SEBI (LODR), Regulations 2015, the Cash Flow Statement for the year ended 31.03.2017 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd. and the National Stock Exchange of India Ltd. (NSE).

The Company has paid listing fees for the year 2017-18 to above stock exchanges.

DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION

During the year under review there is no other change in the Composition of the Board and Key Managerial Personnel. However, in the current year Shri Yashpal Mehta, Chief Financial Officer (Key Managerial Personnel) resigned from the post w.e.f. 30th June, 2017. The Board appreciates the valuable services rendered by him during his tenure.

MEETINGS OF THE BOARD

The Board met four times during the financial year. Details of meetings are given in the Corporate Governance Report annexed herewith and forms part of this report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Director of the Company confirming that he/she meets with the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD DIVERSITY

A diverse Board enables efficient functioning through differences in perspective and skill, and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. The Company follows diverse Board structure.

BOARD EVALUATION

As per the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the formal annual evaluation was carried out for the Board's own performance, its committee & Individual directors. The manner and detail in which evaluation was carried out is stated in the Corporate Governance Report which is annexed and forms a part of this report.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

The details in respect of internal financial control and their adequacy are included in Management Discussion and Analysis Report, which forms part of this report.

CORPORATE GOVERNANCE REPORT

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2017, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite Certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of Corporate Governance is annexed to this Report.

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

As required under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are separately provided in the annexure to this report as **Annexure - 2**.

RISK MANAGEMENT POLICY

The Company had put in place an enterprise wide risk management framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company identifies, assesses and mitigates risks that could materially impact its performance in achieving the stated objectives. The Audit committee ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in business activities. The Committee reviews strategic decisions of the Company on regular basis, reviews the Company's portfolio of risks and considers it against the Company's Risk Appetite.

VIGIL MECHANISM POLICY

The Company had implemented a vigil mechanism, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance of code of conduct to the Company. The policy safeguards the whistleblowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the year under review none of the personnel has been denied access to the Chairman of Audit Committee.

CORPORATE SOCIAL RESPONSIBILITY

Company has earned a profit in the year under review. However, the average net profit calculated as per section 197 of the Companies Act 2013 of last three preceding years is negative, therefore, provisions related to expenditure of at least two percent of the average net profits in CSR activities is presently not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

In Compliance with Section 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and hereby confirm the following:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2017, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;

- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss account of the Company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, independence and other matters as provided under subsection(3) of Section 178 of the Companies Act, 2013 is available on the Company's website at www.shahalloys.com.

DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL), ACT, 2013

There were no complaints pending for the redressal at the beginning of the year and no complaints received during the financial year.

PARTICULARS OF THE EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure- 3**. Further, particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable since there was no employee of the Company including Executive Directors was in receipt of remuneration in excess of the limits set out in the said rules.

DETAILS OF RELATED PARTIES TRANSACTIONS PURSUANT TO SECTION 188(1) OF THE COMPANIES ACT, 2013

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business on arm's length basis and as such did not attract provisions of Section 188 (1) of Companies Act, 2013. Company has formulated policy on related party transactions. Particulars of related party transactions pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is attached at **Annexure - 4**. Approvals from the Audit Committee are obtained even for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board in its meetings. Details of related party transactions are given in the notes to financial statements.

STATUTORY AUDITORS

M/s. Talati & Talati, Chartered Accountants were appointed as Statutory Auditors of the Company in the 18th Annual General Meeting of the Company and eligible to continue till 27th Annual General Meeting. As such M/s Talati & Talati, Chartered Accountants will be discontinuing as Statutory Auditors from 27th Annual General Meeting.

On the recommendations of the Audit Committee, Board of Directors has recommended appointment of M/s. Parikh & Majmudar (Firm Reg. No. 107525W) as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the 27th Annual General Meeting of the Company, till the conclusion of the 31st Annual General Meeting to be held in the year 2022, subject to the approval of the shareholders of the Company. On approval of the shareholders in the forthcoming Annual General Meeting, new firm will audit financial statements for the year ending 31st March 2018. However, the new firm will be auditing quarterly financial statements from the quarter ended 30th September 2017.

Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under M/s. Ashish Bhavsar & Associates, Cost Accountants were appointed for auditing cost accounting records of the Company for the year ending 31st March, 2017. Board has further appointed M/s. Ashish Bhavsar & Associates, Cost Accountants as Cost Auditors for the year ending 31st March 2018 subject to approval of remuneration in the forthcoming Annual General Meeting.

Internal Auditor

The Company has appointed an Independent firm of Chartered Accountants to act as an Internal Auditor as per suggestion of auditors and recommendation of the Audit Committee in order to strengthen the internal control system for the Company.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors has appointed M/s Kamlesh Shah & Co., Practicing Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2017-18. The report submitted by the Secretarial Auditor in Form MR-3 for the financial year ended as on 31st March, 2017 is attached to this report as **Annexure - 5**.

BOARD'S RESPONSE ON the REMARKS MADE BY STATUTORY Auditors

The Directors submit their explanations to then various observations made by the Auditors in their report for the year 2016-17. Para nos.of Auditors' Report and reply are us under:

Basis for Qualified Opinion – Para 1 of Standalone and Consolidated Independent Auditor's Report

On account of maturity of foreign currency convertible Bonds (FCCB) on 22.09.2011, dues have been frozen. On 13.09.2010 the Company was declared as SickUnit by Hon'ble BIFR u/s 3(1)(0) of SICA. It was taken a conscious decision that the principal amount be frozen on the date of maturity and no further exchange gain / loss and interest to be provided on FCCB. This liability was frozen on the maturity.

Annexure A to Independent Auditors' Report – Para 7 (i)

Payments of Statutory dues were marginally delayed on account of slow recovery / collection. However, the same has been paid.

Annexure A to Independent Auditors' Report – Para 8

As per the scheme sanctioned by CDR (EG), consortium bankers were required to give working capital for the optimal utilization of production capacity. However, in the absence of non availability of funds from the lenders, the accruals were not in line with the sanctioned scheme and hence Company could not utilize optimally its production capacity. In view of this, company was not able to make payments to banks/institutions and debenture holders as per the sanctioned scheme. However, before due date of repayment, Company had approached Hon'ble BIFR for declaring it as a Sick company under Section 3(1)(0) of the SICA and was declared so before the due date, i.e., September 2011. On account of sick status of the company, payments will be made as per the scheme as may be approved by the Hon'ble BIFR.

Most of the banks assigned the debts to various Asset Reconstruction Companies (ARCs). Company has entered into Settlement Agreements with INVENT in connection with dues of Union Bank of India and State Bank of India.

Subsequently, during the last quarter Company entered into Settlement Agreement with Edelweiss Asset Reconstruction Company Limited (EARC) in connection with dues of Axis Bank, Oriental Bank of Commerce, Bank of Baroda.

Company has made proposal settlement with other banks, financial institution and ARCs. Company is actively negotiating with lenders and ARCs' for settlement of debts and expecting a settlement soon.

On account of maturity of Foreign Currency Convertible Bonds (FCCB) on 22.09.2011 dues have been frozen on maturity since company was declared Sick company by Hon'ble BIFR u/s 3(1)(o) of SICA. In view of the insufficient accruals of the Company the cash flow is not sufficient enough to pay to the FCCB holders. The company's operations are not profitable and market conditions of steel industries are very bad. All the steel industries in India at large is facing crisis due to dumping of material from China and Company is also not an exception to that.

MATERIAL CHANGES / INFORMATION:

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial Position of the Company. However, company does not have status of Sick company due to repeal of SICA.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in Form MGT-9 in compliance with Section 92 of the Companies Act 2013 read with applicable rules made thereunder is annexed to this report at **Annexure - 6**.

APPRECIATION

Your Directors place on record their sincere appreciation for the valuable support and co-operation as received from government authorities, Financial Institutions, Banks and ARCs during the year. Directors are also thankful for the support extended by Customers, Suppliers and contribution made by the employees at all level. Directors would also like to acknowledge continued patronage extended by Company's shareholders in its entire endeavor.

For and on behalf of the Board

Date : 5thAugust 2017
Place : Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 1**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**Part "A": Subsidiaries**

(Information in respect of each subsidiary to be presented with amounts in ₹)

Company does not have subsidiary company; therefore Part A is not applicable

Part "B": Associates and Joint Ventures**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of associates/Joint Ventures	S.A.L. Steel Limited
1. Latest audited Balance Sheet Date	March 31, 2017
2. Shares of Associate/Joint Ventures held by the company on the year end	
a) No. of Shares	30256989
b) Amount of Investment in Associates/Joint Venture	₹ 8,74,42,698.21
c) Extend of Holding%	35.61
3. Description of how there is significant influence	Equity holding
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in lacs)	(37987.34)
6. Profit/Loss for the year	
i. Considered in Consolidation (₹ in lacs)	3575.96
ii. Not Considered in Consolidation (₹ in lacs)	4235.56

- Names of associates or joint ventures which are yet to commence operations - None
- Names of associates or joint ventures which have been liquidated or sold during the year - None

For and on behalf of the Board of Directors

Rajendra V. Shah
Chairman

K.S. Kamath
Joint Managing Director

Ashok Sharma
Whole Time Director & CFO

Vinod Kumar Shah
Company Secretary

ANNEXURE 2

Conservation of energy, technology absorption and foreign exchange earnings and outgo

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2017)

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:-

Your company gives priority to Energy conservation. It regularly reviews measures to be taken for Energy Conservation/ Consumption and its effective utilization.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-

Your Company is highly power intensive industry and power is the basic requirements of manufacturing process. In order to reduce the cost per unit for power consumption, the Company has installed 40 MW Captive Power Plant.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The company is operating 40 MW Captive Power Plant in parallel with GETCO Grid and with the consumption of own power, Company saves substantial amount from the same.

(d) Total energy consumption and energy consumption per unit of production:

(I) POWER & FUEL CONSUMPTION

		2016-17	2015-16
1	ELECTRICITY		
	(a) Purchased		
	Unit (Kwh)	11,67,18,640	8,23,45,536
	Total Amount (₹)	60,57,67,689	42,56,55,469
	Rate / Unit (₹)	5.19	5.17
	(b) Own Generation		
	(i) <i>Through Diesel Generator Unit (Kwh)</i>		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) <i>Through Steam Turbine / Generator Unit (Kwh)</i>		
	Unit Per Kg of Lignite	Nil	Nil
	Cost Lignite / Unit (₹)	Nil	Nil
	Cost Coal / Unit (₹)	Nil	Nil
	Cost Coal & Lignite / Unit (₹)	Nil	Nil
2	COAL (Including Coal Fines)	Nil	Nil
	Quantity (MT)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
3	FURNACE OIL		
	(used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
4	OTHERS – LIGNITE		
	(used in the generation of steam)		
	Quantity (K Tonns)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil

(II) CONSUMTION PER M.T. OF PRODUCTION

Particulars of Product	2016-17	2015-16
Electricity (in Unit)	1050	910
Furnace Oil	Nil	Nil
Coal (Specify quantity)	Nil	Nil
Others	Nil	Nil

B. TECHNOLOGY ABSORPTION**(I) Research and Development (R & D)**

Particulars	2016-17	2015-16
1. Specific areas in which R&D carried out by the company.	Nil	Nil
2. Benefits derived as a result of the above R&D	Nil	Nil
3. Future plan of action:	Nil	Nil
a. Capital		
b. Recurring		
c. Total		
d. Total R&D expenditure as a percentage of total turnover		

(II) Technology absorption, adaptation:

Particulars	2016-17	2015-16
Company has not carried out research, development & innovation activities.		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	Nil	Nil
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	Nil	Nil
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	Nil	Nil
a. Technology imported		
b. Year of import		
c. Has technology has been fully absorbed		
d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		

C. FOREIGN EXCHANGE EARNINGS AND OUTGO (₹ in Crores)

Particulars	2016-17	2015-16
1) EARNINGS & OUTGO		
a. Foreign Exchange earnings	-	-
b. Foreign Exchange outgo	47.78	64.22

2) TOTAL FOREIGN EXCHANGE USED AND EARNED

As per notes on account

For and on behalf of the Board

Date : 5thAugust 2017
Place : SantejRajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 3

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Company has Shri Ashok Sharma as Whole Time Director, Shri Srinivas Devidas Kamath as Joint Managing Director, Shri Yashpal Mehta as CFO and Shri Vinod Kumar Shah, FCS as Company Secretary. Total managerial remuneration paid to each of them during the current year and previous year are as under:

- I. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year :

Sr. No.	Name of director	Designation	Remuneration paid in current year	Remuneration paid in previous year	Total cost of remuneration of the employees	Percentage remuneration of director to total cost of remuneration
1	Shri Ashok Sharma	Whole Time Director	12,00,000	12,00,000	11,43,88,056	1.05%
2	Shri Srinivas Devidas Kamat	Joint Managing Director	12,92,400	12,92,400	11,43,88,056	1.13%
3	Shri Yashpal Mehta	CFO	9,75,840	9,75,840	11,43,88,056	0.85%
4	Shri Vinod Kumar Shah	Company Secretary	12,60,000	*15,00,000	11,43,88,056	1.10%

* includes arrears of previous year.

- II. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year:

There was no increase in remuneration during the year 2016-2017.

- III. The percentage increase in the median remuneration of employees in the financial year:

During the year the total remuneration of employees is ₹ 11,43,88,056 as against ₹ 11,55,85,810 in the previous year constituting a net decrease of ₹ 11,97,754 constituting 1.04%.

- IV. The number of permanent employees on the rolls of company:

There were 360 permanent employees on the rolls of company.

- V. The explanation on the relationship between average increase in remuneration and company performance;

NA

- VI. Comparison of the remuneration of the Key managerial personnel against the performance of the company :

As the company is paying minimum managerial remuneration to its managerial personnel and the Company is the loss making one, the comparison of remuneration of each of the KMP with performance of the company is not comparable.

- VII. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

Particulars	Details	
	BSE	NSE
Closing Market Price of shares of Company as on 31/03/2016	₹ 9.15/-	₹ 9.20/-
Closing Market Price of shares of Company as on 31/03/2017	₹ 16.59/-	₹ 16.20/-
Earnings per share for the financial year ended on 31/03/2016	₹ (61.99)/-	
Earnings per share for the financial year ended on 31/03/2017	₹ (19.51)/-	

Regarding other information like variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies is not given since Company had made IPO more than 5 Years back. There was variation in the market price of shares of the company during the year under review, share price of the Company move upto ₹ 19.22/- and closed at ₹ 16.59/- at the end of the year. Company's EPS before extra ordinary items is negative and hence PE Ratio is not given.

VIII. Comparison of the each remuneration of the key managerial personnel against the performance of the company;

As the company is paying minimum managerial remuneration to its managerial personnel and the Company is the loss making one, the comparison of remuneration of each of the KMP with performance of the company is not comparable.

Since WTDs are being paid minimum remuneration and other KMPs are getting remuneration as per prevailing industry norms, it is not possible to compare remuneration with the performance of the company.

IX. The key parameters for any variable component of remuneration availed by the directors;

Not Applicable.

X. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

11 (Eleven) employees is receiving remuneration in excess than the remuneration of Director or Key Managerial Personnel.

XI. Affirmation that the remuneration is as per the remuneration policy of the Company.

All remuneration of the Employees and directors are paid as per remuneration policy of the Company.

For and on behalf of the Board

Date : 5thAugust 2017
Place : Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 4**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1 Details of contracts or arrangements or transactions not at Arm's length basis.								
1	Name (s) of the related party	Nature of transaction	Duration of the transaction	Salient terms of the transaction	Justification for transactions'	Date of approval by the Board	Amount paid as advances	Date of special resolution
1.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2 Details of material contracts or arrangement or transactions at arm's length basis							
	Name (s) of the related party	Nature of relationship	Nature of transaction	Duration of the transaction	Transactions value in ₹	Date of approval by the Board	Amount paid as advances
1	S.A.L. Steel Ltd.	Associate	Purchase of Power	April 2016- March 2017	39,86,41,000	Since these RPTs are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
			Purchase of material		1,30,65,22,118		
			Sale of material		2,09,02,995		

For and on behalf of the Board

Date : 5thAugust 2017
Place : Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 5
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]
For the Financial Year ended 31st March, 2017

To,
The Members,
SHAH ALLOYS LIMITED
CIN: L27100GJ1990PLC014698

I have conducted secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHAH ALLOYS LIMITED** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the records of **SHAH ALLOYS LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and record maintained by **SHAH ALLOYS LIMITED** (CIN:L27100GJ1990PLC014698) for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations,1992;
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **Not Applicable**
 - (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable**
 - (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable**
 - (g) The Securities and Exchange Board of India(Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable**
- (vi) As stated in the **Annexure – A** – all the laws, rules, regulations be applicable specifically to the company.

I have also examined compliance with the applicable clauses of the following:

1. Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable Company has complied with secretarial standards in respect of Board meeting and General meeting.
2. Uniform Listing Agreements Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

During the period under review the Company has complied with the provision of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors, Independent Directors and Woman Director.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes wherever applicable.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has not make any

- (I) Public/ Right/Preferential issue of shares/ debentures/sweat equity, etc.
- (II) Redemption/ buy-back of securities
- (III) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (IV) Merger/ amalgamation/reconstruction etc.
- (V) Foreign technical collaborations

**FOR KAMLESH M. SHAH & CO.,
PRACTICING COMPANY SECRETARIES**

**(Kamlesh M. Shah)
PROPREITOR**

ACS: 8356, COP: 2072

**Place : Ahmedabad
Date : 27th May 2017**

ANNEXURE-A

Securities Laws

1. All Price Sensitive Information was informed to the stock exchanges from time to time
2. All investors complains directly received by the company are recorded on the same date of receipts.

Labour Laws

1. All the premises and establishments have been registered with the appropriate authorities.
2. The Company has not employed any child labour/ Bonded labour in any of its establishments.
3. The company is ensuring the compliances of PF/ESI and other social security measures to the contract employees. One of the responsible officers of the company carries out the survey regarding the compliance of this.

Environmental Laws

1. The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises (is applicable).
2. The company has been disposing the hazardous waste as per applicable rules.

Taxation Laws

1. The company follows all the provisions of the taxation and Income Tax Act, 1961 and filing the returns at proper time with Income tax department and all other necessary departments.

**FOR KAMLESH M. SHAH & CO.,
PRACTICING COMPANY SECRETARIES**

**(Kamlesh M. Shah)
PROPREITOR**

ACS: 8356, COP: 2072

**Place : Ahmedabad
Date : 27th May 2017**

ANNEXURE 6

Form No. Mgt-9 Extract of Annual Return as on 31/03/2017
[Pursuant to section 92(3) of the Companies Act, 2013 and
rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1) REGISTRATION AND OTHER DETAILS:

1)	CIN	L27100GJ1990PLC014698
2)	Registration date	23/11/1990
3)	Name of the company	SHAH ALLOYS LIMITED
4)	Category/ sub-category of the company	Company limited by shares / Indian Non Government Company
5)	Address of the registered office and contact details:	5/1 Shreeji House, 5 TH Floor, B/h M J Library Ashram Road, Ahmedabad-380006 Gujarat
6)	Whether listed company	YES
7)	Name, address and contact details of registrar and Transfer Agent, if any	BIGSHARE SERVICES PVT. LTD. Bharat Tin Works Building, 1 st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – East, Mumbai – 400059, Maharashtra. Board No.: 022 6263 8200 E-mail: info@bigshareonline.com Website: www.bigshareonline.com

2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and description of main products/ services	NIC Code of the Product / Service	% of total turnover of the Company
1	M. S. Plate, Coils, Bilets, S. S. Plate, Flat and Sheet	24105	100%

3) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name and Address of the Company	CIN / GLN	Concern	% of shares held	Applicable Section
1.	S.A.L. Steel Limited	L27100GJ1990PLC014698	Associate	35.61%	2(6)

4) Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) Indian									
a) Individual/ HUF	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
(2) Foreign									
a) NRI- Individual	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks. FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter [(A) (1)+ (A) (2)]	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
B. Public Shareholding									
(1) Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1746624	0	1746624	8.82	1746624	0	1746624	8.82	0
g) FII's	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B) (1):-	1746624	0	1746624	8.82	1746624	0	1746624	8.82	0
(2) Non-Institutions									
a) Bodies Corp.	2742286	800	2743086	13.86	2700266	800	2701066	13.64	(0.22)
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lacs	3354980	494532	3849512	19.44	3447938	448132	3896070	19.68	0.24
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lacs	588133	0	588133	2.97	549651	0	549651	2.78	(0.19)
c) Others									
Non Resident Indians	129125	2000	131125	0.66	41997	2000	43997	0.22	(0.44)
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	9614	0	9614	0.05	130686	0	130686	0.66	0.61
Trusts	200	0	200	0	200	0	200	0	0
Foreign Bodies	0	0	0	0	0	0	0	0	0
Sub-total (B) (2):-	6824338	497332	7321670	36.98	6870738	450932	7321670	36.98	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)									0
C. Shares held by Custodian for GDR& ADR	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	19300208	497332	19797540	100.00	19346608	450932	19797540	100.00	0

ii) Shareholding of promoters

Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shares holding during the year
	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
Rajendrabhai V. Shah	7912404	39.97	7912404	7912404	39.97	7912404	NIL
Rajendrabhai V. Shah Huf	1531960	7.74	1531960	1531960	7.74	1531960	NIL
Ragini R Shah	1146006	5.79	1146006	1146006	5.79	1146006	NIL
Prakash V Shah	47000	0.24	0	47000	0.24	0	NIL
Karan R Shah	40000	0.20	0	40000	0.20	0	NIL
Jayesh V Shah	29936	0.15	0	29936	0.15	0	NIL
Ashvin V Shah	21940	0.11	0	21940	0.11	0	NIL
Total	10729246	54.19	10590370	10729246	54.19	10590370	NIL

iii) Change In Promoter's Shareholding (Please specify, if there is no change)

Name of promoter	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Shareholding at the end of the year	
	No. of share	Name of the Shareholder		No. of share	% of total shares of the company
Rajendrabhai V Shah	7912404	39.97	No change	7912404	39.97
Rajendrabhai V Shah Huf	1531960	7.74	No change	1531960	7.74
Ragini R Shah	1146006	5.79	No change	1146006	5.79
Prakash V Shah	47000	0.24	No change	47000	0.24
Karan R Shah	40000	0.20	No change	40000	0.20
Jayesh V Shah	29936	0.15	No change	29936	0.15
Ashvin V Shah	21940	0.11	No change	21940	0.11
TOTAL	10729246	54.19	No change	10729246	54.19

5) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs)

Sr. No.	NAME OF SHAREHOLDERS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Gujarat NRE Coke Ltd.	969769	4.90	969769	4.90
2	Satellite Mercantiles Pvt Ltd.	901361	4.55	901361	4.55
3	United India Insurance Company Limited	878577	4.44	878577	4.44
4	General Insurance Corporation Of India	868047	4.39	868047	4.39
5	Ambition Merchants Private Limited	359774	1.99	359774	1.99
6	JM financial Services Limited	0	0	123050	0.62
7	Mili Trading Pvt Ltd	100042	0.51	100042	0.51
8	Adhunik Dealcom Pvt. Ltd.	107625	0.54	88989	0.45
9	Ashish J Bhavsar	55615	0.28	55615	0.28
10	Sanjay Mahendra Shah	55521	0.28	55521	0.28
	TOTAL	4296331	21.88	4400745	22.41

6) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shri Rajendra V. Shah Chairman of the Company holds 7912404 equity shares in the Company in addition to 1531960 shares as Karta of HUF and no other Director or Key Managerial personnel have any shareholding in the company.

7) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	608,03,04,599	48,82,05,000	-	656,85,09,599
ii) Interest due but not paid	227,34,93,349	23,55,83,323		250,90,76,672
iii) Interest accrued but not due				
Total (i+ii+iii)	835,37,97,948	72,37,88,323	-	907,75,86,271
Change in Indebtedness during the financial year				
i) Principal Amount	(90,49,85,229)	-	-	(90,49,85,229)
ii) Interest due but not paid	(43,54,68,000)	-	-	(43,54,68,000)
iii) Interest accrued but not due	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	517,53,19,370	48,82,05,000	-	566,35,24,370
ii) Interest due but not paid	183,80,25,349	23,55,83,323		207,36,08,672
iii) Interest accrued but not due				
Total (i+ii+iii)	701,33,44,719	72,37,88,323	-	773,71,33,042

8) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	SALARY	Shri Ashok Sharma	12,00,000
		Shri K.S. Kamath	12,92,400
2.	Stock Option	NIL	-
3.	Sweat Equity	NIL	-
4.	Commission		
	- as % of profit		
	- others, specify...	NIL	-
5.	Others, please specify	NIL	-
	Total (A)	NIL	-
	Ceiling as per the Act		60,00,000
			As per section (ii)part (ii) of schedule V.

b. Remuneration to other Directors

Particulars of remuneration	Name of Directors					Total Amount
	Shri Dilip Kumar Sinha	Shri G.M. Shaikh	Shri Tejpal S. Shah	Shri Harshad M. Shah	Smt. Shefali M. Patel	
Fee for attending Board / committee meeting	5,000	20,000	20,000	10,000	10,000	65,000
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	5,000	20,000	20,000	10,000	10,000	65,000

c. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
		Shri Vinod Kumar Shah	Shri Yashpal Mehta	
1	Gross salary	12,60,000	9,75,840	22,35,840
2	Stock Option	-	-	N.A.
3	Sweat Equity	-	-	N.A.
4	Commission	-	-	N.A.
	- as % of profit	-	-	N.A.
	Others specify...	-	-	N.A.
5	Others, please specify	-	-	N.A.
	Total	12,60,000	9,75,840	22,35,840

d. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (give details)
A. COMPANY					
Penalty	No	No	No	No	No
Punishment	No	No	No	No	No
Compounding	No	No	No	No	No
B. DIRECTORS					
Penalty	No	No	No	No	No
Punishment	No	No	No	No	No
Compounding	No	No	No	No	No
C. Other Officers In Default					
Penalty	No	No	No	No	No
Punishment	No	No	No	No	No
Compounding	No	No	No	No	No

CORPORATE GOVERNANCE REPORT

[Pursuant to Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations"]

Detailed report on Corporate Governance for the financial year ended March 31, 2017, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

The Company implements and practices the principles of Corporate Governance based on fairness, transparency, integrity, honesty and accountability consistently being followed in all its business practices and dealings.

The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit.

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

Composition of Board and Directorship held as on March 31, 2017 and numbers of meetings held and attended during the year are as follows:

Name of Director	Category	Numbers of Board Meetings		No. of other Directorships	Committee Membership held in other companies		Attendance at Last AGM
		Held during the year	Attended during the Year		as Member	as Chairman	
NON-EXECUTIVE DIRECTOR							
Shri Rajendra V. Shah	Promoter Non-Executive Chairman	4	4	1	Nil	Nil	Yes
EXECUTIVE DIRECTORS							
Shri Kondadi S Kamath	Non Promoter Executive Director	4	4	Nil	Nil	Nil	Yes
Shri Ashok A Sharma	Non Promoter Wholetime Director	4	4	Nil	Nil	Nil	Yes
INDEPENDENT DIRECTORS							
Shri G.M. Shaikh	Non-Executive & Independent	4	4	1	Nil	Nil	Yes
Shri Harshad M. Shah	Non-Executive & Independent	4	4	1	3	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	4	4	1	Nil	Nil	No
Shri Dilip Kumar Sinha	Non-Executive & Independent	4	2	1	Nil	Nil	No
Smt. Shefali M. Patel	Non-Executive & Independent	4	4	1	Nil	Nil	Yes

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independence of the Board and to separate the board functions of governance and management. The Board currently comprises of two Executive Directors and Six Non-Executive Directors including the Chairman of the Board.

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year, the Board met 4 times:

- May 30, 2016
- August 14, 2016
- November 12, 2016
- February 11, 2017

INDEPENDENT DIRECTORS' MEETING

Independent Directors met on February 11, 2017 without presence of Non-Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company's Management and the Board.

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

None of the Directors are related to each other.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

As on March 31, 2017, Shri Rajendra V. Shah, Chairman of the Company held 79,12,404 shares in the equity share capital of the Company in addition to 15,31,960 shares as Karta of HUF. None of the other Non-Executive Directors hold any equity shares in the Company.

DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS

Pursuant to regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company should familiarize the independent directors through various programs about the Company. During the financial year, senior management team has from time to time made presentations to Directors giving an overview of the Company's operations, function, strategy and risk management plan of the Company.

3. COMMITTEES OF THE BOARD

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is governed by its Charter which outlines the scope, roles, responsibilities and powers. All the decisions and recommendations of the Committee are placed before the Board for its approval.

The various Board level Committees are as under:-

- Audit Committee;
- Nomination & Remuneration Committee; and
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee

AUDIT COMMITTEE:

The terms of reference of the Audit Committee are wide enough to cover matters specified for Audit Committees under Regulation 18 of the SEBI (Listing Obligations and Disclosure requirements), Regulations 2015 as well as in Section 177 of the Companies Act, 2013 besides other terms as may be referred to by Board of Directors from time to time.

The Audit Committee comprises of three non-executive Directors and two of them are Independent Directors.

During the period under review, four Audit Committee meetings were held respectively on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017.

The composition of the Audit Committee and attendance at its meetings is given hereunder:

Name of Director	Position	No. of Meetings	Meetings attended
Shri G.M. Shaikh	Chairman	4	4
Shri Tejpal Shah	Member	4	4
Shri Rajendra V. Shah	Member	4	4

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

4. NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three independent Non-executive directors. During the period under review, three meetings of Nomination and Remuneration Committee were held on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	4	4
Shri Tejpal Shah	Member	4	4
Shri Harshad M. Shah	Member	4	4

Nomination and Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole Time Directors and KMPs based on performance and defined criteria.

Board Evaluation

Pursuant to section 134 of the Companies Act, 2013, the Board is responsible for the formal Annual Evaluation of its own performance, of its committee & Individual Directors. Further, as per regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, performance evaluation of the Independent Directors shall be done by entire Board of Directors, excluding directors being evaluated.

During the year, Board in concurrence with Nomination & Remuneration Committee has laid down the evaluation criteria for itself, Committees, Chairperson, Executive and Non-Executive Directors and Independent Directors. The evaluation was carried out through a structured questionnaire covering various aspects of the functioning of the Board of Directors.

The following broad parameters were considered to evaluate the performance of the independent Directors:

- Integrity, maintenance of high standard and confidentiality;
- Commitment and participation at the Board & Committee meetings;
- Effective deployment of knowledge and expertise;
- Exercise of independent judgment in the best interest of Company;
- Interpersonal relationships with other directors and management.

The following broad parameters were considered to evaluate the performance of the Board and Committees:

- Size, structure and expertise of the Board/Committees;
- Review of strategies, risk assessment, robustness of policies and procedures by Board;
- Oversight of the financial reporting process & monitoring Company's internal control system;
- Quality of agenda, conduct of meeting, procedures and process followed for effective discharge of functions;
- Effective discharge of functions and duties by Committee as per terms of reference;
- Appropriateness and timeliness of the updates given on regulatory developments;
- Board's engagement with senior management team.

Feedback received on evaluation process was discussed in detail by the Chairman of the Board with Directors and, independent and collective action points for improvement put in place.

The Directors recognised that Board and Committees are functioning effectively and acknowledged the efforts and contributions made by the Chairperson, Executive and Non-Executive Directors and Independent Directors towards the Company's performance.

5. Remuneration of Directors

a. All Pecuniary Relationship or Transactions of the Non- Executive Directors

There were no pecuniary relationships or transactions of the non-executive directors vis-a-vis the Company.

b. Criteria for Making Payment to Non- Executive Directors

Role of Non-Executive/Independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas. The Company seeks their expert advice on various matters from time to time. Hence, the compensation to then on-executive/independent directors is recommended.

c. Compensation/Fees Paid to Non-Executive Directors

Non-Executive Independent Directors were paid sitting fees for attending the Board and Committee Meetings.

d. Details of Remunerations

Details of remuneration and sitting fees paid or provided to all the directors during the year ended March 31, 2017 areas under:

(Amount in ₹)

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Kondadi S Kamath	Nil	12,92,400	Nil	12,92,400
Shri Ashok Sharma	Nil	12,00,000	Nil	12,00,000
Shri G. M Shaikh	20,000	Nil	Nil	22,500
Shri Harshad M. Shah	10,000	Nil	Nil	12,500
Shri Dilip Kumar Sinha	5,000	Nil	Nil	5,000
Shri Tejpal S. Shah	20,000	Nil	Nil	22,500
Smt. Shefali M. Patel	10,000	Nil	Nil	7,500

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Committee is empowered to oversee the redressal of Investors' complaints and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

During the period under review, three meetings of Stakeholders' grievance Committee were held on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	4	4
Shri Tejpal Shah	Member	4	4
Shri Ashok Sharma	Member	4	4

Name and designation of Compliance Officer

Shri Vinod Kumar Shah, Company Secretary has been appointed as Compliance Officer of the Company as per regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to discharge all duties under the listing regulations.

Details of Shareholders Complaints

The details of shareholders complaints received and resolved till March 31, 2017 areas under:

No. of shareholders' complaints received during the year: 09

No. of complaints not resolved to the satisfaction of shareholders: Nil

No. of pending Complaints: Nil

No. of complaints resolved during the year: 09

7. GENERAL BODY MEETING

Date, Time and Venue of the last three Annual General Meetings:

Year	Date	Time	Venue	No. of special resolutions passed
2013-14	September 24th, 2014.	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	00
2014-15	September 24th, 2015.	05:00 P.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	02
2015-16	September 24th, 2016.	11:30 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	01

- No extra-ordinary general meeting of the shareholders was held during the year.
- Postal ballot: during the year under review, no resolution was put through by postal ballot.

8. MEANS OF COMMUNICATION

- All Quarterly / Annual financial results are immediately sent to stock exchanges after being taken on record by the Board.
- As per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- The Company's website www.shahalloys.com contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

9. GENERAL SHAREHOLDERS INFORMATION

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L27100GJ1990PLC014698.

a) Annual General Meeting.

Date : 30th September, 2017

Time : 12 noon

Venue : SAL Institute & Engineering Research, Opp. Science City, Ahmedabad: 380 060.

b) Financial Year

For accounting and financial reporting purpose, Company follows Financial Year which starts from 1st April each year and ends on 31st March of every succeeding year.

The Quarterly Results for the financial year 2017-18 will be taken on record by the Board of Directors as per the following schedule:

- Quarter ending 30th June 2017 : By 14th September 2017
 Quarter ending 30th September 2017 : By 14th December 2017
 Quarter ending 31st December 2017 : By 14th February 2018
 Quarter ending 31st March 2018 : By 30th May 2018
- c) **Dividend Payment Date** : Not Applicable
- d) **Listing on Stock Exchange** : **Bombay Stock Exchange Ltd.(BSE)**
 Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001
Scrip Code: 513436
- : **National Stock Exchange of India Ltd (NSE)**
 "Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400051
NSE Symbol : SHAHALLOYS

Company has paid listing fees in respect of financial year 2017-2018 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

- Demat ISIN No. for NSDL and CDSL** : INE640C01011
- e) **Stock code** : **Bombay Stock Exchange Ltd.(BSE)**
Scrip Code: 513436
- : **National Stock Exchange of India Ltd (NSE)**
NSE Symbol : SHAHALLOYS

f) **Share Price Data**

(₹ per share)

Month	Price at BSE		Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 16	10.95	8.00	10.75	7.75
May' 16	9.68	8.10	9.90	8.00
June' 16	9.00	7.65	9.30	7.25
July' 16	9.85	7.40	10.10	7.70
Aug' 16	11.25	8.80	11.75	8.25
Sept' 16	14.05	8.75	14.20	8.40
Oct' 16	13.00	10.26	13.50	9.80
Nov' 16	13.50	10.40	13.45	10.50
Dec' 16	19.80	10.52	20.20	10.55
Jan' 17	17.40	14.20	17.85	13.60
Feb' 17	16.75	14.00	16.75	14.05
Mar' 17	18.86	14.60	18.60	14.35

g) **Registrar to an Issue and Share Transfer Agents**

The members of the Company may address all its communication relating to transfer, transmission, Refund order, Dividend, National Electronic Clearing system (NECS) dematerialization etc. to Company's Share Transfer agent i.e. Bigshare Services Private Limited at the below address and may also write to the Company.

Bigshare Services Private Limited
 (Unit: Shah Alloys Limited)
 Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – East,
 Mumbai – 400059, Maharashtra
 Board No. : 022 6263 8200
 Email id.: info@bigshareonline.com

h) **Share Transfer System**

All transfers of shares held in physical form are dealt by our Registrar and Share Transfer Agents. Presently the share transfers received in physical form are processed and registered within prescribed time periods (15) days from the date of receipt subject to the documents being valid and complete in all respects. Depositories control share transfers in Demat Mode. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance in respect of compliance with share transfer formalities as required under Regulations 40(9) of SEBI (LODR) Regulations, 2015 and files a copy of the certificate with the stock exchanges.

i) Shareholding pattern as on 31st March, 2017

Category	No. of Shares	%
Promoters	10729246	54.19
Clearing Members	130686	0.66
Indian Public	4445721	22.46
Domestic Companies	2701066	13.65
Nationalized Bank/ Insurance Company	1746624	8.82
NRI	43997	0.22
Trust	200	0.00
Total	19797540	100

Distribution of shareholding as on 31st March, 2017

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 500	1190274	6.01	6660	81.94
501 - 1000	627661	3.17	757	9.31
1001 - 2000	530441	2.68	341	4.19
2001 - 3000	300560	1.52	116	1.43
3001 - 4000	230092	1.16	64	0.79
4001 - 5000	199738	1.01	42	0.52
5001 - 10000	542613	2.74	75	0.92
10001 & above	16176161	81.71	73	0.90
Total	19797540	100	8128	100

j) Dematerialization of Shares and Liquidity

On March 31st 2017, nearly 97.72% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized.

k) Plant Location:

The Company's plant is located at:

2221/2222, Shah Industrial Estate, Sola-Kalol Road, Santej, Taluka Kalol, Dist. Gandhinagar-382721

l) Registered & Administrative Offices:

Registered Office

5/1, Shreeji House,
Behind M. J. Library, Ashram Road
Ahmedabad – 380006, Gujarat

Administrative Office:

Corporate House,
Sola-Kalol Road, Village Santej,
Dist: Gandhinagar, Gujarat – 382721

m) Address for Investor Correspondence:

In case any problem or query shareholders can contact at:

Name : Company Secretary and Compliance officer
Address : Shah Alloys Corporate House, Sola-Kalol Road, Santej, Dist.Gandhinagar, Gujarat 382 721
Phone : 91-02764-661100/11
Fax : 91-02764-661110
Email : sal.investor@shahalloys.com; info@shahalloys.com

Shareholders may also contact Company's Registrar & Share Transfer Agent at:

Name : Bigshare Services Private Limited
Address : Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – East, Mumbai – 400059, Maharashtra
Board No. : 022 6263 8200
Fax No. : 022 2847 5207
Email id. : info@bigshareonline.com
Website : www.bigshare.com

OTHER DISCLOSURES :**Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:**

There is no materially significant related party transaction that may have potential conflict with the interests of the Company at large have been entered.

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013, relating to approval of shareholders. However, prior approvals from the Audit Committee are obtained for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board.

Details of related party transactions are also presented in the notes to financial statements.

The Company has formulated the policy on materiality of related party transactions and on dealing with related party transactions and it is available at the website of the Company at: <http://www.shahalloys.com>

Details of non-compliance by the listed entity, penalties and structures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years

No statutory authority or the Board has imposed penalty on any matter related to capital markets, during the last three years.

Establishment of vigil mechanism and affirmation that no personnel have been denied access to the audit committee

The Company has implemented a Vigil Mechanism Policy, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance to code of conduct to the Company. The policy safeguards the whistleblowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the financial year none of the personnel has been denied access to the audit committee.

Corporate Governance Compliance Certificate

Compliance Certificate from M/s Kiran Kumar Patel, practicing company secretaries, as regarding compliance of conditions of corporate governance is annexed with corporate governance report.

DISCLOSURE OF ACCOUNTING TREATMENT

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014.

CEO AND CFO CERTIFICATION

As required by Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, CFO has given Compliance Certificate on financial statements to the Board of Directors.

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL UNDER REGULATION 17(5) SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015

I, K S Kamath, Joint Managing Director of the Company, hereby certify that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchange. Company has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company.

We further confirm that during the year, none of the Directors or any of the Key managerial persons had done any trading in shares of the Company in the secondary market. Further the company had not made any allotment of shares to any Directors or any of the key managerial personnel during the year.

The above Report was adopted by the Board at their meeting held on 27th May 2017.

For, Shah Alloys Limited

(K.S. Kamath)
Joint Managing Director
(DIN 00261544)

Place : Santej
Date : 27.05.2017

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SHAH ALLOYS LIMITED

We have examined the compliance of conditions of Corporate Governance by Shah Alloys Limited ('the Company'), for the year ended 31st March, 2017 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in the Listing Regulations for the period 1st April, 2016 to 31st March 2017.

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

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

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

FOR, K.K PATEL AND ASSOCIATES
Company Secretaries

Place : Gandhinagar
Date : 05.08.2017

Sd/-
Kiran Kumar Patel
Proprietor
CP No. 6352

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

FY 2016-17 was a year of mixed developments. India is currently the world's 3rd largest producer of crude steel against its 8th position in 2003 and is expected to become the 2nd largest producer of crude steel in the world soon. The country is also the 3rd largest consumer of finished steel in the world preceded by China and USA. Capacity for domestic crude steel production expanded from 90.87 MTPA in 2011-12 to 121.97 MTPA in 2015-16, a CAGR growth of 9% during this five years period. The Steel Sector contributes to over 2% of country's GDP and employs around 20 lakhs employed in steel/allied sector. Pig iron production for sale was 7.072 MT after accounting for own consumption/ IPT. The Private Sector accounted for 94% of the same, the rest 6% being share of the public sector.

India continued to remain a bright spot with growth remaining strong amidst global headwinds and major policy reforms in the country. The economy grew at 7.1% in FY 2017, dragged down by the effects of weak private investment and demonetization. However, World Bank predicts that growth will accelerate progressively in the coming years. In PPP terms, India is the third largest economy in the world with a GDP of USD 9.49 trillion. FY 2017 was marked by bold policy moves on the part of the government. Passage of the constitutional amendment to introduce GST will help avoid cascading tax burden, ease of doing business and create a pan-India market place. It will also improve formalisation of the shadow economy, improve tax compliance as well as tax base and boost growth in the long run. The sudden and unexpected measure of demonetisation seemingly affected growth in the later part of the year. But it has the potential to boost tax compliance, improve formal system liquidity and economic growth in the long run. Government's initiatives on direct benefit transfer will also reduce leakages in the system and support efficient development of the targeted sectors. The budget laid considerable emphasis on infrastructure growth to accelerate economic and social activities.

OPPORTUNITIES & THREATS:

Opportunities:

The Indian economy has showed clear signs of recovery in FY 2016-17. The Govt. of India has centralized focus on ease of doing business. In this endeavor it has done away with various compliances in business and taking various reforms like the biggest historical tax reform in Indirect Taxation. The GST would be game changer and promises a lot to the Indian economy. It is expected to boost Indian GDP growth by 1.5 – 2 %. The "Make in India" plan alongwith scheme of entry of Private Sector companies into various sectors will give a major boost to the Indian Industry. The Indian mines are under process of market development and would like to see some positive signs of demands raised for product development. The borrowing cost may not see rise this year owing to liquidity availability with bankers due to demonetization. Due to Government's continued efforts, India has maintained the "Ease of Doing Business Rank" at 130th place in 2017 as compared to 131st in 2016 as per the World Bank. Further Indian Government has set an aggressive target to achieve 90th rank in Ease of Doing Business in 2018.

Threats:

The glut in the global steel market, which led to an influx of cheap imports into India and a series of steps by the government to protect the domestic steel industry, might not end anytime soon. In what indicates that threat of low-priced imports are here to stay, the world capacity utilisation ratio of the alloy climbed upwards in the current year. So only structural reforms that will help cut costs and improve productivity could enable the domestic steelmakers to acquire competitiveness in the domestic and global markets. Rising cost of raw material, fuel, power prices coupled with unforeseen general macro economic factors may affect the industry adversely. Your Company may face unfavorable foreign exchange rate fluctuations this year as well as increase in raw material prices thus putting a pressure on margins.

OUTLOOK:

Financial year 2016-17 has been a challenging year for Indian Steel Industry with continued low profitability due to sluggish demand, steel imports and highly leveraged balance sheets. Steel industry derives its demand from other important sectors like infrastructure, aviation, engineering, construction, automobile, pipes and tubes etc. With the Indian economy poised for its next wave of growth under the reforms being unleashed during recent past, there lies tremendous opportunity for the Indian steel industry to prosper and grow exponentially. The present government's 'Make in India' campaign is aimed at transforming the country into a global manufacturing hub and creating millions of jobs for those who will join the workforce in the coming years. Besides 'Make in India', present government's flagship programmes, such as the 'Smart Cities Mission' and the 'Housing for All by 2022' will boost the industry

RISKS AND CONCERNS:

Your Company continuously monitors and revisits the risks associated with its business. It has institutionalized the procedure for identifying, minimizing and mitigating risks and the same are reviewed periodically. The Company's Structured Risk Management Process attempts to provide confidence to the stakeholders that the Company's risks are known and well managed. The company management has a Risk Management Team comprising of Functional heads as Champions and accountable for risks associated in their areas. The company has review mechanism of risks at regular intervals. The management of the Company has identified some of the major areas of concern having inherent risk, viz. Foreign Currency Fluctuation, Client Concentration, Technology Risks and Credit Control. The processes relating to minimizing the above risks have already been put in place at different levels of management. The management of the Company reviews the risk management processes and implementation of risk mitigation plans. The processes are continuously improved.

Risk Management comprises three key components which are as below:

- i. Risk identification
- ii. Risk assessment and mitigation
- iii. Risk monitoring and assurance

Your Company has identified the following aspects as the major risks for its operations:

- i. Market Risk – in terms of Price increase of Raw Material
- ii. Foreign Exchange Risk

The risk mitigation plans are reviewed regularly by the Management and Audit Committee of your Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Company has in place internal control systems and procedures commensurate with the size and nature of its operations. Internal control processes which consist of adopting appropriate management systems and implementing them are followed. These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review company concentrated on manufacturing of Bars, beams, flats, plate, coil, slab, billets etc. Production of bars, beams and flats during the year was 61.172 MT. and sale was 1241.81 MT. Production of plate & coil during the year was 90582.68 MT and sales was 83064.75 MT. Likewise production of Slab, billets etc. was 20532.31 MT and sales was 15390.59 MT. Total production of all items taken together during the year increased from 91754.79 MT to 1,11,176.16 MT whereas total sales increased from 90,485.724 MT to 99,697.15 MT.

During the year under review Total revenue from Operation and from other operating income increased from ₹ 262.37 crores to ₹ 312.28 crores as compared to previous year. Company has registered a profit of ₹ 42.36 in comparison to the profit of ₹ 124.38 crores during previous year. Profit during the year under review is shown on account of settlement of dues with ARCs resulting reversal of Interest and waiver of principal debt.

DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT:

The human resource philosophy and strategy of your Company have been designed to attract and retain the best talent, creating a workplace environment that keeps employees engaged, motivated and encourages innovation. Your Company has fostered a culture that rewards continuous learning, collaboration and development, making it future ready with respect to the challenges posed by ever-changing market realities. Employees are your Company's most valuable asset and your Company's processes are designed to empower employees and support creative approaches in order to create enduring value. Your Company maintains acordial relationship with its employees. Its emphasis on safe work practices and productivity improvement is unrelenting. Your Company has more than 360 employees on its rolls as on 31st March, 2017.

DISCLOSURE OF ACCOUNTING TREATMENT:

The Company has followed all relevant Accounting Standards while preparing the financial statements.

CAUTIONARY STATEMENT: Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand and supply conditions, finished goods prices, input materials availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

INDEPENDENT AUDITOR'S REPORT

**To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD**

Report on the Financial Statements

We have audited the accompanying financial statements of Shah Alloys Limited ('the Company'), which comprise the Balance sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Basis for Qualified Opinion

1. *The Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds(FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2017, which constitutes a departure from the Accounting Standard - 11, "The Effects of Changes in Foreign Exchange Rates", which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2017. The Company's record indicate that had management done the provision, Foreign exchange gains for the Year ended 31st March 2017 would have been higher by ₹ 2,21,53,745/-. Accordingly, profits for the Year ended 31st March 2017 has been under -stated by ₹ 2,21,53,745/-, and Negative balance of reserves and surplus and balance of Current liabilities-both have been understated by ₹ 23,74,76,342/- as at 31st March 2017.*

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) In case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017,
- 2) In case of the Statement of profit and loss, of the profits for the year ended on that date
- 3) In case of the Cash flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the Financial Statements:

- 1) Note 38 to the financial statements regarding the Company having accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred net loss during the previous years and, the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the

existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis.

- 2) Note 33 to the financial statements, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.
- 3) Note 40 to the Financial Statements about the settlement agreement entered into by the company with effect from 16th March 2017 for the entire dues in respect of the various facilities and assistance provided respectively by Bank of Baroda, Oriental Bank of Commerce and Axis bank which is now assigned to Edelweiss Assets Reconstruction Company Limited.

The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 5,000.00 Lacs towards full and final settlement against the total liability (Principal and Interest) of ₹ 19,326.35 Lacs resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 14,326.35 Lacs.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 14326.35 Lacs, the waiver of liability of Principal portion of ₹ 6,888.29 Lacs has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2017 and waiver of interest liability for ₹ 7438.06 Lacs has been offered as Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2017.

- 4) Note 42 to the financial statement which narrates about reduction in provision for diminution in value of Investment in Shares of SAL Steel Limited which has been shown as an extraordinary item in the statement of profit and loss.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- ii) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance sheet, the Statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
 - d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules made there under;
 - e) The going concern matter as described in sub-paragraph (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - g) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 20 to the financial statements;
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on Management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer to Note 41 to the financial statements.

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Place : Ahmedabad
Date : May 27, 2017

Umesh Talati
Partner
Mem No. : 034834

Annexure A to Independent Auditors' Report

The Annexure referred to in Independents Auditor's Report to the members of the Company on the Standalone financial statement for the year ended 31st March 2017, we report that:

1. In respect of its Fixed Assets:
 - i) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
 - ii) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
 - iii) According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of the immovable properties held are in the name of the company.
2. In respect of its inventories:

As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. In respect of Loans, Secured or Unsecured granted by the company to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) & (c) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company.
4. The Company has complied with the provision of Section 185 & 186 of Companies Act, 2013 with respect of loans, investments and guaranty made.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records as specified under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. In respect of the Statutory dues:
 - i) *According to the records of the company, undisputed Statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been generally regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2017 for a period of more than six months from the date of becoming payable.*
 - ii) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues of ₹ 26,67,67,627/- have not been deposited as on 31st March, 2017 on account of matters pending before the appropriate authorities. The details of which are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount Relates	Forum where the dispute is pending	Amount under dispute not yet deposited (in ₹)
1	Income Tax Act, 1961	Income Tax	1997-98	Gujarat High court	1,30,000/-
2	Sales Tax Act	Sales Tax	1995-96	Deputy commissioner of Sales Tax (Tribunal) Ahmedabad	6,99,000/-
3	Gujarat Value Added Tax Act, 2003	Value Added Tax	2006-07	Joint Commissioner, VAT Ahmedabad	3,81,27,791/-
4	Central Excise Act, 1944	Excise Duty and Service Tax	2004-05 to 2016-17	Central Excise & Service tax Appellate Tribunal / Joint / Deputy Commissioner of Central Excise/ Additional Commissioner of Central Excise	22,78,10,836/-

8. Consequent upon the sanction of the restructuring package given under CDR mechanism by banks & financial institution, the company was required to start repaying the loans sanctioned by banks/institutions and debenture holders from June 2011 onwards, however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Working Capital facilities, Term Loan, WCTL, Non-convertible Debentures, Funded Interest Term Loans, Interest payable on the said facilities are as under:

AME OF THE BANK/F.I.N	NATURE OF FACILITY	Amount (in ₹) of Default as at 31-03-2017	Period Of Default (No of Days)
IDBI BANK	Working Capital	26 10 45 535	1-2496 days
	Non Convertible Debenture	7 29 16 667	1 -2101 days
	Term Loan	14 58 33 333	1 -2101 days
	Funded Interest Term Loan	10 62 25 832	1 -1186 days
	Interest payable	10 92 66 519	1-2435 days
KARUR VYSYA BANK	Term Loan	18 22 91 667	1 -2101 days
	Funded Interest Term Loan	6 40 88 746	1 -1186 days
	Interest payable	6 09 36 463	1-2156 days
HDFC BANK	Term Loan	8 72 42 168	1 -2101 days
	Funded Interest Term Loan	3 14 58 813	1 -1186days
	Interest payable	8 77 89 296	1-2192 days
INDIAN OVERSEAS BANK	Non Convertible Debenture	7 29 16 666	1 -2101 days
	Funded Interest Term Loan	4 78 90 251	1 -1186 days
	Interest payable	3 11 33 345	1-2435 days
BANK OF MAHARASHTRA	WCTL	6 05 20 819	1 -2101 days
	Working Capital	20 10 09 696	1-2586 days
	TERM LOAN	1 99 27 412	1 -2101 days
	FITL	2 28 02 459	1 -1186days
	Interest payable	20 65 56 584	1-2435 days
PUNJAB NATIONAL BANK	Working Capital	25 07 36 016	1-2496 days
	WCTL	5 57 76 039	1 -2101 days
	TERM LOAN	16 59 04 744	1 -2101 days
	FITL	6 04 18 448	1 -1186 days
	Interest payable	39 27 03 456	1-2435 days
L.I.C. OF INDIA	TERM LOAN	4 68 69 375	1 -2101 days
	FITL	2 59 00 798	1 -1186 days
	Non Convertible Debenture	58 33 33 333	1 -2101 days
	Interest payable	94 51 57 729	1-2466 days

Moreover, the Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due on 22nd September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The bonds were convertible into equity shares at the option of Bond holders at any time on or after 20th Sep 2006 and upto and including 8th Sep 2011. And hence, as on 31st March 2017, this conversion option with the bondholders is not being in effect. The company has provided the premium till 22nd September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of the Companies Act, 2013.

However, the company has defaulted in repayment of the foreign currency convertible bond (FCCB) dues on its maturity. The default is subsisting since 2017 days.

9. According to the records of the company, the company has neither raised any monies by way of Initial Public Offer or Further Public Offer nor has the company obtained any term loan. Hence, in our opinion, the requirements of clause (ix) of Paragraph 3 of the Order do not apply to the Company.
10. Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officers and employee has been noticed or reported for the year under audit.
11. The Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

12. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a nidhi company. Hence, the requirements of clause (xii) of Paragraph 3 of the Order do not apply to the Company.
13. The Company has complied with Section 177 and 188 of Companies Act, 2013, in respect of transactions with the related parties and relevant details have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or full or convertible debentures during the year under review. Hence, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause (xv) of paragraph 3 of the Order are not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of Clause (xvi) of paragraph 3 of the Order are not applicable to the Company.

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 27, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHAH ALLOYS LIMITED**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Shah Alloys Limited ('the Company') as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed 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. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Place: Ahmedabad
Date: May 27, 2017

Umesh Talati
Partner
Mem No. : 034834

Balance Sheet as at 31st March, 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
(a) Share Capital	3	1,979.75	1,979.75
(b) Reserves and Surplus	4	(27,968.82)	(39,092.67)
		(25,989.07)	(37,112.92)
(2) Non-Current Liabilities:			
(a) Long Term Borrowings	5	22,397.44	23,980.07
(b) Other Long Term Liabilities	6	35.00	35.00
(c) Long Term Provisions	7	126.69	117.06
		22,559.13	24,132.13
(3) Current Liabilities:			
(a) Short Term Borrowings	8	7,177.91	13,087.49
(b) Trade Payables	9	10,091.98	7,316.24
(c) Other Current Liabilities	10	50,041.33	55,641.51
(d) Short Term Provisions	11	477.39	450.65
		67,788.61	76,495.89
TOTAL		64,358.67	63,515.10
II. ASSETS			
(1) Non-Current Assets:			
(a) Fixed Assets	12		
(i) Tangible Assets		14 316.58	15 694.42
(ii) Capital work-in-progress		900.50	900.50
(b) Non-Current Investments	13	1 534.03	874.42
(c) Long Term Loans and Advances	14	227.02	227.02
(d) Deferred Tax Assets (Net)	15	33 804.43	34 815.71
		50 782.56	52 512.07
(2) Current Assets:			
(a) Inventories	16	11 675.24	8 243.23
(b) Trade Receivables	17	733.72	993.54
(c) Cash and Bank Balances	18	192.56	305.41
(d) Short Term Loans and Advances	19	974.59	1 460.85
		13 576.11	11 003.03
TOTAL		64,358.67	63,515.10
The accompanying notes are an integral part of these financial statements.	1 to 43		

As per our Report of even date**For Talati & Talati**Chartered Accountants
FRNo: 110758W**Umesh Talati**Partner
M.No. 34834

Place : Ahmedabad

Date : May 27, 2017

**For and on behalf of the Board of Directors
Shah Alloys Limited****Rajendra V. Shah**

Chairman

K. S. Kamath

Jt. Managing Director

Ashok Sharma

Whole Time Director

Yashpal Mehta

V.P. & CFO

Vinod Kumar Shah

Company Secretary

Place : Santej

Date : May 27, 2017

Statement of Profit and Loss for the Year ended 31st March, 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
I. Revenue from operations	21	34,897.21	29,224.20
Less: Excise duty		(3,759.10)	(3,123.75)
		31,138.11	26,100.45
II. Other income	22	90.15	136.44
III. Total revenue (I + II)		31,228.26	26,236.89
IV EXPENDITURE :			
Cost of materials consumed	23	21,264.24	19,265.84
Changes in inventories of finished goods & work-in-progress.	24	(3,572.08)	(216.88)
Employee benefits expense	25	1,210.52	1,210.13
Finance costs	26	1,433.35	2,313.56
Depreciation and Amortization Expense		1,374.31	1,816.08
Other Expenses	27	12,368.75	7,645.55
Total Expenses		34,079.09	32,034.28
V Loss before extraordinary items and tax (III-IV)		(2,850.83)	(5,797.39)
VI Extraordinary Item. (Refer Note No 40 & 42)		8,097.67	24,711.85
VII Profit before tax (V+VI)		5,246.84	18,914.46
VIII Tax expense:			
Deferred tax		1,011.28	6,475.59
IX Profit for the period (VII-VIII)		4,235.56	12,438.87
X Earnings per equity share of face value of ₹ 10 each	28		
Basic & Diluted after Extraordinary Items		21.39	62.83
Basic & Diluted before Extraordinary Items		(19.51)	(61.99)
The accompanying notes are an integral part of these financial statements.	1 to 43		
As per our Report of even date			
For Talati & Talati Chartered Accountants FRNo: 110758W			
Umesh Talati Partner M.No. 34834 Place : Ahmedabad Date : May 27, 2017			
For and on behalf of the Board of Directors Shah Alloys Limited			
Rajendra V. Shah		Chairman	
K. S. Kamath		Jt. Managing Director	
Ashok Sharma		Whole Time Director	
Yashpal Mehta		V.P. & CFO	
Vinod Kumar Shah		Company Secretary	
Place : Santej Date : May 27, 2017			

Cash Flow Statement for the year ended 31st March 2017

(Pursuant to the listing Agreement with Stock Exchange)

(Amount ₹ in Lacs)

Particulars	2016-17		2015-16	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit (Loss) before Tax		5,246.84		18,914.46
Adjustments for :				
Depreciation	1,374.31		1,816.07	
Unrealised Foreign (Gain) / Loss	1.48		(8.07)	
Loss / (Profit) on Sale of Assets	(1.16)		0.00	
Interest expenses	1,433.35		2,313.56	
Interest waiver (OTS)	(7,438.07)		(24,725.42)	
Principle waiver of Borrowings (OTS)	(6,888.29)		(21,394.44)	
Interest Income	(39.58)		(21.35)	
		(11,557.96)		(42,019.65)
		(6,311.12)		(23,105.19)
Operating Profit Before Working Capital Changes				
Adjustments for :				
Trade and other receivables	746.08		2,221.47	
Inventories	(3,432.01)		(65.94)	
Trade Payable and others	3,131.81		1,106.31	
		445.88		3,261.84
Cash Generated From Operations		(5,865.24)		(19,843.35)
Direct Taxes Paid		0.00		0.00
Net Cash from Operating Activities before Extra Ordinary Items		(5,865.24)		(19,843.35)
Extra-ordinary Items				
Impairment of CWIP	0.00		358.50	
Interest waiver income (OTS)	7,438.07		24,725.42	
Provision for diminution in value of long term investments	(659.60)		(344.93)	
		6,778.47		24,738.99
Net Cash from Operating Activities after Extra Ordinary Items(A)		913.23		4,895.64
B CASH FLOW FROM INVESTING ACTIVITIES:				
Recovery of Loan Given	0.00		603.78	
Sale of Fixed Assets	4.70		0.00	
Interest Income	39.58		21.35	
		44.28		625.13
Net Cash from Investing Activities(B)		44.28		625.13
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long term Borrowings and Working capital (Net of repayments)	362.99		(3,001.84)	
Interest Paid	(1,433.35)	(1,070.36)	(2,313.56)	(5,315.40)
Net Cash from Financing Activities(C)		(1,070.36)		(5,315.40)
Net Increase in Cash and Equivalent. (A+B+C)		(112.85)		205.37
Cash And Cash Equivalents as at the Beginning of the year		305.41		100.04
Cash And Cash Equivalents as at the Close of the year		192.56		305.41

Cash Flow Statement for the year ended 31st March 2017 [Contd...]

(Amount ₹ in Lacs)

Particulars	2016-17		2015-16	
Note:				
Cash & Bank balances:				
a) Balance with Banks :				
- In Current accounts		190.77		285.22
b) Cash on hand		1.79		9.78
d) Other bank balances:				
- In Margin Money		0		10.41
Total		192.56		305.41
As per our Report of even date	For and on behalf of the Board of Directors			
For Talati & Talati	Shah Alloys Limited			
Chartered Accountants	Rajendra V. Shah	Chairman		
FRNo: 110758W	K. S. Kamath	Jt. Managing Director		
Umesh Talati	Ashok Sharma	Whole Time Director		
Partner	Yashpal Mehta	V.P. & CFO		
M.No. 34834	Vinod Kumar Shah	Company Secretary		
Place : Ahmedabad	Place : Santej			
Date : May 27, 2017	Date : May 27, 2017			

Notes to financial statement for the year ended 31 March 2017**1 1.1 CORPORATE INFORMATION :**

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel in Flat and Long products.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules made there under. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company's activities in its business segments have operating cycles which do not exceed 12 months. As a result, current assets comprise elements that are expected to be realized within 12 months after the reporting date and current liabilities comprise elements that are due for settlement within 12 months after the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES :**2.1 Use of Estimates:**

The preparation of the Financial Statements in conformity with the Generally Accepted Accounting principles requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue Recognition:

Sales are stated net of rebate and trade discount and include Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined. Export Benefits are accounted / recognized on accrual basis. Dividend income is recognized when right to receive is established. Interest income is recognized on accrual basis. Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

2.3 Excise Duty

Excise Duties recovered are included in the sale of products & then shown as deduction on the face of Statement of Profit & Loss. Excise duties in respect of Finished Goods lying in stock/bonded warehouse are shown separately under the head "Other expenses" and included in the valuation of finished goods.

2.4 Valuation of Inventories:

Inventories are valued at lower of cost or net realizable value after considering the credit of VAT and CENVAT.

In case of Raw Materials, Stock at third party and Stores and Spares are determined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost.

Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

2.5 Fixed Assets

- (a) Fixed assets are stated at cost (net of Cenvat credit), less accumulated depreciation and impairment loss, if any. [Other than "freehold land" where no depreciation is charged]. Costs include all expenses incurred to bring the assets to its present location and condition.
- (b) Capital Work in progress is stated at cost less impairment loss if any.
- (c) Cost of Trial run Production incurred during the initial period of production is capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects is capitalized amongst the various heads of fixed assets on the commencement of the projects.
- (e) Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

2.6 Depreciation and Amortization

Depreciation on tangible assets is provided by using the straight line method based on useful life specified in Schedule II of the Companies Act 2013

Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher / lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

2.7 Cash flow statement

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

2.8 Investments

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

2.9 Foreign currency transactions

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Statement of Profit and Loss.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Statement of Profit and Loss

2.10 Employee Benefits:

(a) Short Term

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company

(b) Long Term

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.

(c) Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(d) Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

2.11 Borrowing cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.12 Taxation:

Income tax expenses comprise current tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance

Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

2.13 Impairment of Assets

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net selling price is the estimate selling price in the ordinary course of business less estimated cost of completion and to make the sales.

2.14 Earnings per share

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares issued during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

2.15 Provisions, Contingent Liability and Contingent Asset

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

Notes forming part of the Financial Statements

Amount (₹ in Lacs)

Note 3 : SHARE CAPITAL	As At March 31, 2017	As At March 31, 2016
The Authorised, Issued, Subscribed and fully Paid up Share Capital comprises of equity shares having a par value of ₹ 10 each as follows:		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00
Total	3,500.00	3,500.00
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	1,979.75	1,979.75
[It comprises of 1,977,500 equity shares of ₹ 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depository Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	1,979.75	1,979.75

a) Reconciliation of Number of Shares:

Equity Shares:	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount (₹ in Lacs)	Number of shares	Amount (₹ in Lacs)
Shares outstanding at the beginning of the year	1 97 97 540	1,979.75	1 97 97 540	1,979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	1 97 97 540	1,979.75	1 97 97 540	1,979.75

b) Rights, Preferences and restrictions attached to shares

Equity Shares

The company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual general meeting, except in case of interim dividend. In the case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of Shares held by Shareholders holding more than 5% in the Company

Name of the Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta of HUF

Amount (₹ in Lacs)

Note 4 : RESERVES & SURPLUS	As At March 31, 2017	As At March 31, 2016
i) Capital Reserve:		
As per Last Balance Sheet	21,394.44	0.00
Add : During the year (Refer Note No 40)	6,888.29	21,394.44
	28,282.73	21,394.44
ii) Security Premium Reserve:	502.61	502.61
	502.61	502.61
iii) Debenture Redemption Reserve:	6,000.00	6,000.00
	6,000.00	6,000.00
iv) Surplus / (Deficit) in Statement of Profit & Loss:		
As per Last Balance Sheet	(66,989.72)	(79,428.59)
Profit during the year	4,235.56	12,438.87
	(62,754.16)	(66,989.72)
Total (i)+(ii)+(iii)+(iv)	(27,968.82)	(39,092.67)

Amount (₹ in Lacs)

Note 5 : LONG TERM BORROWINGS	As At March 31, 2017	As At March 31, 2016
(A) SECURED :		
I) Debentures		
- Non Convertible Debentures	1,458.33	2,708.33
II) Term Loans		
a) From Banks		
- Rupee Term Loan	174.48	324.04
- Funded Interest Term Loan	113.36	413.37
- Working Capital Term Loan	0	242.67
b) From Financial Institutions		
- Rupee Term Loan	19,537.76	16,808.76
- Funded Interest Term Loan	399.19	1,622.75
- Working Capital Term Loan	232.59	1,328.42
	21,915.71	23,448.34
(B) UNSECURED :		
Inter Corporate Deposits		
From Others	114.00	164.00
Loans & Advances from related parties		
- From Director	367.73	367.73
	481.73	531.73
Total	22,397.44	23,980.07

(A) SECURED :**a) Nature of security and terms of repayment for secured borrowings****I) Non Convertible Debentures**

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. Second charges on Working Capital assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all Corporate Debts Restructuring lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah. Non Convertible Debentures is repayable in equal monthly installment starting from June 2011 till May 2019.

Maturity profile of Non Convertible Debentures are as set out below :

Amount (₹ in Lacs)

Financial Year	Rate of Interest	
	9%	10%
2018-19	250.00	1,000.00
2019-20	41.67	166.66

b) Period and Amount of default as on the Balance sheet

Amount (₹ in Lacs)

Particulars	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
2011-12	1,041.67	1825-2101 days	818.90	1825-2162 days
2012-13	1,250.00	1460-1736 days	980.00	1460-1797 days
2013-14	1,250.00	1095-1370 days	980.00	1095-1431 days
2014-15	1,250.00	730-1005 days	890.00	730-1066 days
2015-16	1,250.00	365-640 days	892.44	365-700 days
2016-17	1,250.00	1-270 days	890.00	1-335 days
Total	7,291.67		5,451.34	

II) Term Loan from Bank / Financial Institution:

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders.(except Punjab National Bank's Corporate loan which has exclusive charge on 26,00,000 shares of Shah Alloys Limited. Thus First charge on fixed assets is not extended to Punjab national bank over the Corporate loan) Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all CDR lenders except for 26,00,000 shares on which Punjab national bank has exclusive charge. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2020.

Terms of repayment for term loans are as set out below :

Amount (₹ in Lacs)

Particulars	2018-19	2019-20	2020-21	2021-22
Rupee term Loan from Bank	149.56	24.93		
Term Loans from Financial Institution	1,524.36	7,571.39	7,042.00	3,400.00
Working Capital Term Loan from Financial Institution	199.37	33.23	0	0
Funded Interest Term Loan from Bank	113.36	0	0	0
Funded Interest Term Loan from Financial Institution	399.19	0	0	0
Total	2,385.84	7,629.55	7,042.00	3,400.00

As per the terms of CDR Company has provided interest on Term Loan @10 % except LIC of India @8.75 %, on Working Capital Term Loan @10 % and on Funded Interest Term Loan @6 %

b) Period and Amount of default as on the Balance sheet

The company has made a default in repayment as follows:

Amount (₹ in Lacs)

Particulars	Period to which default relates	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
Rupee term Loan from Bank	2011-12	124.63	1825-2101 days	606.08	1825-2162 days
	2012-13	149.56	1460-1736 days	825.16	1460-1797 days
	2013-14	149.56	1095-1370 days	715.43	1095-1431 days
	2014-15	149.56	730-1005 days	248.03	730-1066 days
	2015-16	149.56	365-640 days	351.29	365-700 days
	2016-17	149.56	1-270 days	119.65	1-335 days
Term Loans from Financial Institution	2011-12	796.45	1825-2101 days	0	-
	2012-13	962.36	1460-1736 days	56.24	1460-1797 days
	2013-14	962.36	1095-1370 days	56.24	1095-1431 days
	2014-15	962.36	730-1005 days	56.24	730-1066 days
	2015-16	962.36	365-640 days	56.40	365-700 days
	2016-17	962.36	1-270 days	56.24	1-335 days
Working Capital Term Loan from Bank	2011-12	0	-	159.93	1825-2162 days
	2012-13	0	-	159.49	1460-1797 days
	2013-14	0	-	159.49	1095-1431 days
	2014-15	0	-	159.49	730-1066 days
	2015-16	0	-	86.25	365-700 days
	2016-17	0	-	44.92	1-91 days
Working Capital Term Loan from Financial Institution	2011-12	166.14	1825-2101 days	0	-
	2012-13	199.37	1460-1736 days	0	-
	2013-14	199.37	1095-1370 days	0	-
	2014-15	199.37	730-1005 days	0	-
	2015-16	199.37	365-640 days	0	-
	2016-17	199.37	1-270 days	0	-
Funded Interest Term Loan from Bank & Financial Institution	2010-11	0	-	293.82	2191-2435 days
	2011-12	0	-	393.22	1826-2070 days
	2012-13	0	-	444.82	1461-1704 days
	2013-14	512.55	1095-1186 days	364.05	1096-1339 days
	2014-15	1,025.10	730-821 days	308.89	730-1066 days
	2015-16	1,025.10	365-455 days	294.58	365-700 days
2016-17	1,025.10	1-270 days	247.10	1-335 days	
Total		11,231.52		6,263.05	

Amount (₹ in Lacs)

Note 6 : OTHER LONG TERM LIABILITIES	As At March 31, 2017	As At March 31, 2016
Security Trade Deposits	35.00	35.00
Total	35.00	35.00

Amount (₹ in Lacs)

Note 7 : LONG TERM PROVISIONS	As At March 31, 2017	As At March 31, 2016
Provision for Employee Benefits		
- Gratuity	126.69	117.06
Total	126.69	117.06

Amount (₹ in Lacs)

Note 8 : SHORT TERM BORROWINGS	As At March 31, 2017	As At March 31, 2016
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	0	946.35
From Financial Institution	7,127.91	12,115.14
UNSECURED		
Inter Corporate Deposits		
From Related Parties	50.00	26.00
Total	7,177.91	13,087.49

a) **Nature of security and terms of repayment for secured borrowings****Cash Credit Facilities**

Hypothecation first charges on company's entire stocks of raw material, stock in progress, finished goods, book debts/receivables and all current assets stored in the company's factory premises, at all plants and / or elsewhere including those in transit covered by documents of title thereto, local and export usance bill ranking pari-passu in favor of all the working capital banks. Second charge on the entire movable and immovable assets both present and future on pari-passu basis. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

b) **Period and Amount of default as on the Balance sheet**

Amount (₹ in Lacs)

Particulars	Period to which default relates	Default in payment of interest on working capital facilities	Default in payment of interest on working capital facilities
Interest on Working capital facilities	2010-11	598.98	2191-2465 days
	2011-12	689.03	1826-2100 days
	2012-13	687.15	1461-1734 days
	2013-14	759.51	1096-1369 days
	2014-15	621.15	730-1066 days
	2015-16	386.45	365-700 days
	2016-17	63.93	1-151 days
Total		3,806.20	

UNSECURED :**Deposits:**

The company has taken inter corporate deposit during the year from related parties SAL Hospital & Medical Institute ₹ 4,75,00,000/- (₹ 4,25,00,000/- paid during the year). This party is covered under the register maintained under section 189 of the Companies Act, 2013.

Amount (₹ in Lacs)

Note 9 : Trade Payables	As At March 31, 2017	As At March 31, 2016
Due to Micro, Small and Medium Enterprises *	0	
Other than Micro, Small and Medium Enterprises	10,091.98	7,316.24
Total	10,091.98	7,316.24

* The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

Amount (₹ in Lacs)

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:

	As At March 31, 2017	As At March 31, 2016
- SAL Steel Limited	4,883.71	3,210.29
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	27.15	27.15
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	8.68	8.52

Amount (₹ in Lacs)

Note 10 : OTHER CURRENT LIABILITIES	As At March 31, 2017	As At March 31, 2016
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	1,250.00	1,250.00
- Term Loan from Banks	149.56	149.56
- Working Capital Term Loan from Banks	0	112.00
- Working Capital Term Loan from Financial Institutions	199.37	613.12
- Term Loan from Financial Institutions	1,562.36	1,350.97
- Funded Interest Term Loan from Bank	226.71	275.58
- Funded Interest Term Loan from Financial Institutions	798.39	1,081.83
	4,186.39	4,833.06
(b) Interest accrued & due on Borrowings	10,474.31	15,521.75
	10,474.31	15,521.75
(c) Income received in Advance	186.52	168.66
(d) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	7,291.67	6,041.67
- Interest Accrued on Matured Non Convertible Debentures	7,922.93	7,213.18
	15,214.60	13,254.85
(e) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	4,882.05	4,882.05
Add: Premium Payable on FCCB	2,355.83	2,355.83
	7,237.88	7,237.88
(f) Other Payables		
- Term Loan from Bank	872.42	722.86
- Working Capital Term Loan from Banks	0	541.33
- Working Capital Term Loan from Financial Institution	1,162.97	2,963.39
- Term Loan from Financial Institution	5,608.27	5,797.38
- Funded Interest Term Loan from Bank	793.49	688.95
- Funded Interest Term Loan from Financial Institution	2,794.36	2,704.58
- Statutory Dues Payable*	763.63	402.28
- Deferred Sales Tax Liability	497.99	497.99
- Unpaid Expenses	248.50	306.55
	12,741.63	14,625.31
Total	50,041.33	55,641.51

The Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of Companies Act, 2013.

Since Bond holders have yet not exercised the option no further interest has been accounted for. Accordingly Foreign Currency Convertible Bonds (FCCB) is due for repayment to Bond Holders. However, no payment has been made to Bond Holders.

* It includes amount in the nature of Statutory dues such as withholding taxes, service tax, VAT, Excise duty, etc.

Interest accrued & due on Borrowings includes ₹ 5,25,049/- Payable to SAL Hospital & Medical Institute, ₹ 43,155/- Payable to SAL Corporation Pvt Ltd and ₹ 11,30,277/- Payable to SAL Care Pvt. Ltd.

Amount (₹ in Lacs)

Note 11 : SHORT TERM PROVISIONS	As At March 31, 2017	As At March 31, 2016
Provision for Employee Benefits		
- Gratuity	44.36	36.00
- Leave Encashment	54.12	54.12
- Others*	378.91	360.53
Total	477.39	450.65

* It includes bonus & other incentives to employees

Note 12 : FIXED ASSETS

Tangible Assets :

Amount (₹ in Lacs)

Particulars	Freehold Land	Factory Building	Office Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
Cost of Assets									
As at 1st April 2015	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2016	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	70.69	0	0	70.69
As at 31st March 2017	422.82	2276.72	326.92	51672.69	49.17	320.37	210.23	197.24	55476.16
Depreciation									
As at 1st April 2015	0	931.94	38.40	36,285.29	46.71	371.40	199.71	162.90	38,036.35
Charge for the year	0	85.62	5.16	1,714.91	0	0.10	0	10.29	1,816.08
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2016	0.00	1,017.56	43.56	38,000.20	46.71	371.50	199.71	173.19	39,852.43
Charge for the year	0	68.87	5.16	1,293.61	0	0.01	0	6.66	1,374.31
Disposal / Adjustments	0	0	0	0	0	-67.16	0	0	-67.16
As at 31st March 2017	0	1086.43	48.72	39293.81	46.71	304.35	199.71	179.85	41159.58
Net Block									
As at 31st March 2016	422.82	1259.16	283.36	13672.49	2.46	19.56	10.52	24.05	15694.42
As at 31st March 2017	422.82	1190.29	278.20	12378.88	2.46	16.02	10.52	17.39	14316.58

Capital work-in-progress	31.03.2017	31.03.2016
Plant & Machinery	900.5	900.5
Total	900.5	900.5

Notes :

- Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
- Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.

Amount (₹ in Lacs)

Note 13 : NON CURRENT INVESTMENTS	As At March 31, 2017	As At March 31, 2016
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	3,994.96	3,994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Less : Provision for Diminution in value of Investment (Refer note No 37)	2,460.93	3,120.54
Total	1,534.03	874.42

Aggregate amount of Quoted Investment and Market Value ₹ 1,534.03 Lacs as at 31st March 2017 (P.Y. ₹ 874.42 Lacs)

Amount (₹ in Lacs)

Note 14 : LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Security Deposits	227.02	227.02
Total	227.02	227.02

Amount (₹ in Lacs)

Note 15 : DEFERRED TAX ASSETS (NET)	As At March 31, 2017	As At March 31, 2016
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	28,101.12	27,303.29
On account of disallowances under the Income tax act, 1961	8,341.26	10,215.83
Gross deferred tax asset (A)	36,442.38	37,519.12
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2,637.95	2,703.41
Gross deferred tax liability (B)	2,637.95	2,703.41
Net Deferred Tax (A-B)	33,804.43	34,815.71

Amount (₹ in Lacs)

Note 16 : INVENTORIES (valued at lower of cost or net realizable value)	As At March 31, 2017	As At March 31, 2016
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	420.95	419.78
ii) In Transit	53.11	24.08
Work in Progress	2,202.63	834.44
Finished Goods	5,498.98	3,295.09
Stores & spares	3,499.57	3,669.84
Total	11,675.24	8,243.23

Amount (₹ in Lacs)

Note 17 : TRADE RECEIVABLES	As At March 31, 2017	As At March 31, 2016
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	34.30	97.18
Others	699.42	896.36
Doubtful	153.37	162.20
Total	887.09	1,155.74
Less: Provision for claim / Doubtful debts	153.37	162.20
Total	733.72	993.54

Amount (₹ in Lacs)

Sundry Debtors include dues from Associate concerns:	2016-17 Amount	2015-16 Amount
- SAL College of Engineering (A Division of Adarsh Foundation)	0	8.72
- SAL Institute of Pharmacy (A Division of Adarsh Foundation)	0	2.06
- SAL Institute of Managment (A Division of Adarsh Foundation)	0	2.06
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	1.56	0
- SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation)	0	11.66

Amount (₹ in Lacs)

Note 18 : CASH AND BANK BALANCES	As At March 31, 2017	As At March 31, 2016
Cash & Cash Equivalents		
a) Balance with Banks :		
- In Current accounts	190.77	285.22
b) Cash on hand	1.79	9.78
c) Other bank balances:		
- In Margin Money *	0	10.41
Total	192.56	305.41

* Margin Money deposits with a carrying amount of ₹ NIL (P.Y.: ₹ 10.41 Lacs) are given as margin against bank guarantee

Amount (₹ in Lacs)

Note 19 : SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Advances to suppliers	352.81	527.98
Balances with government authorities	461.16	745.02
Prepaid expenses	9.19	29.08
Other Loans and Advance*	151.43	158.77
Total	974.59	1,460.85

* Includes Loan & advances given to Employees

Amount (₹ in Lacs)

Note 20 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As At March 31, 2017	As At March 31, 2016
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	27 890.97	27 834.95
- Bank / Financial Institution	72 938.37	51 497.82
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	20 750.00	20 750.00
- Bank guarantee given	0	10.41
(c) Other money for which the company is contingently liable		
- Disputed Income Tax /VAT/ Excise / Service tax Demand	2,667.68	2,702.89

Amount (₹ in Lacs)

Note 21 : REVENUE FROM OPERATIONS	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
I. Sale of Products		
Manufactured Goods		
- Domestic	34,794.17	28,924.20
	34,794.17	28,924.20
II. Sale of service		
- Job work Income	3.04	0
- Manpower Services	100.00	300.00
	103.04	300.00
Total	34,897.21	29,224.20

Amount (₹ in Lacs)

Note 22.1 : Particulars of Sale of Products	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Sales of Iron & Steel		
- Bars, Beams, Flat	385.92	909.27
- Plate & Coil	30 087.43	13 788.93
- Slab, Billets,etc	4 320.82	14 226.00
Total	34 794.17	28 924.20

Amount (₹ in Lacs)

Note 22 : OTHER INCOME	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Interest Income	39.58	21.35
Profit on sale of Assets	1.16	0.00
Foreign Exchange Fluctuation Gain (Net)	49.41	105.84
Other Non operating income		
Sundry Balances Written back (Net)	0	9.25
Total	90.15	136.44

Amount (₹ in Lacs)

Note 23 : COST OF MATERIALS CONSUMED	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Opening Stock	443.86	459.68
Purchases	21,294.44	19,250.02
	21,738.30	19,709.70
Less : Closing Stock	474.06	443.86
Total	21,264.24	19,265.84

Amount (₹ in Lacs)

Note 24 : CHANGES IN THE INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS	For the Year ended on 31 st March, 2017	For the Year ended on 31 st March, 2016
A) Opening Stocks		
- Finished Goods	3,295.09	3,474.12
- Work in process	834.44	438.53
Sub-Total (A)	4,129.53	3,912.65
B) Less: Closing Stocks		
- Finished Goods	5,498.98	3,295.09
- Work in process	2,202.63	834.44
Sub-Total (B)	7,701.61	4,129.53
Total (A)-(B)	(3,572.08)	(216.88)

Amount (₹ in Lacs)

Note 25 : EMPLOYEE BENEFITS EXPENSES	For the Year ended on 31 st March, 2017	For the Year ended on 31 st March, 2016
Salaries & Wages	1,143.88	1,155.86
Contribution to Provident & Other Funds	36.73	39.18
Staff Welfare Expenses	29.91	15.09
Total	1,210.52	1,210.13

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under:

Amount (₹ in Lacs)

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	36.40	38.85
Contribution for Key Managerial Person	0.33	0.33
	36.73	39.18

Defined Benefit Plan

The Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" which is mandatory from accounting periods starting from Dec 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

I. Reconciliation of opening and closing balance of Defined Benefit Obligation

Amount (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Opening defined benefit obligation	153.07	156.15
Excess / Short provision	0	0
Service cost	17.24	18.91
Interest cost	10.67	11.17
Actuarial (Gain) / Loss	(7.15)	(26.16)
Benefits paid	(2.78)	(7.00)
Closing defined benefit obligation	171.05	153.07

II. Reconciliation of opening and closing balance of fair value of plan assets

Amount (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Opening fair value of plan assets	Not applicable	Not applicable
Expected return	as Gratuity	as Gratuity
Actuarial Gain / (Loss)	Liability is	Liability is
Employer contribution	unfunded	unfunded
Benefits paid		
Closing fair value of plan assets		

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Fair value of plan assets	Not applicable	Not applicable
Present value of obligation	as Gratuity	as Gratuity
Amount recognised in balance sheet	Liability is unfunded	Liability is unfunded

IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '25') Amount (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Service cost	17.24	18.91
Interest cost	10.67	11.17
Expected return on plan assets	0	0
Actuarial (Gain) / Loss	(7.15)	(26.16)
Prior year Charge	0	0
Net cost included in 'Employee Benefit Expense'	20.76	3.92

V. Investment Details

Particulars	% invested	
	2016-17	2015-16
Public sector securities	Not applicable	Not applicable
Special deposit schemes	as Gratuity	as Gratuity
State Govt. securities	Liability is	Liability is
FDR with banks	not funded	not funded
Balance with banks		
Total		

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Discount rate (per annum)	7.15%	7.90%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	7.00%	7.00%

VII. Amount for the current and previous four year are as follows:-

Amount (₹ in Lacs)

Gratuity (Unfunded)	31.03.2017 Amount	31.03.2016 Amount	31.03.2015 Amount	31.03.2014 Amount	31.03.2013 Amount
Defined Benefit obligation	171.06	153.07	156.15	143.98	176.03
Plan asset	0	0	0	0	0
Surplus/(deficit)	(171.06)	(153.07)	(156.15)	(143.98)	(176.03)
Experience adjustment on plan liability	(14.26)	(27.67)	(23.87)	(8.76)	(27.10)
Actuarial Loss/(Gain) due to change in assumptions	7.11	1.51	17.52	(13.51)	0
Experience adjustment on plan assets	0	0	0	0	0

VIII. Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2016-17 to the defined contribution plan. However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Amount (₹ in Lacs)

Note 26 : FINANCE COSTS	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
(a) Term loans		
- From Banks	411.67	836.67
- From Financial institution	56.24	56.40
(b) Working capital facilities	63.93	516.19
(c) Debentures	890.00	892.44
(d) Others	11.51	11.86
Total	1,433.35	2,313.56

Amount (₹ in Lacs)

Note 27 : OTHER EXPENSES	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
B) Stores & Spares Consumed		
Consumption of stores & spare parts	3,564.21	2,065.03
Power & fuel	6,057.68	4,256.55
Factory Labour expense	576.73	383.11
Provision for Excise Duty on finished goods	263.12	(24.68)
Factory Expenses	72.37	82.07
<u>Repairs and maintenance :</u>		
- to Factory Building	6.60	7.67
- to Plant & Machinery	86.16	27.77
- to Others	19.73	19.57
	112.49	55.01
Donation	0.24	0.15
Selling costs	48.24	59.55
Packing Cost	0.54	1.51
Freight outward expenses	124.19	373.52
Travelling & conveyance	25.60	40.30
Legal, Consultancy and Professional Fees	88.61	45.32
Miscellaneous expenses	103.52	47.00
Advertisement, Stationery and Communication	26.83	22.07
Payment to Auditors #	11.91	10.47
Rent	11.70	11.40
Rates and Taxes	30.90	16.25
Insurance	3.06	12.72
Bank Charges	8.30	15.60
Provision for Bad debt	18.73	63.62
Sundry Balances Written off (Net)	11.25	0
Sales Tax expenses	1,208.53	108.98
Total	12,368.75	7,645.55

Amount (₹ in Lacs)

# Payment to Auditors :	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
As Auditor		
- Statutory Audit	7.50	7.50
For Company Law Matter	2.00	0
For other services	1.62	2.10
For Reimbursement of Expenses	0.79	0.87
Total	11.91	10.47

Amount (₹ in Lacs)

Note 28 : EARNINGS PER SHARE	Unit	For the Year ended on 31 st March, 2017	For the Year ended on 31 st March, 2016
Net (Loss) for the year attributable to Equity Shareholders before extraordinary item.	₹ in Lacs	(3862.11)	(12272.98)
Net profit for the year attributable to Equity Shareholders after extraordinary item.	₹ in Lacs	4235.56	12438.87
Weighted Average Number of Equity Shares outstanding	Nos.	19797540	19797540
Basic & Diluted earnings per share before extraordinary item (face value of ₹ 10 each)	₹	(19.51)	(61.99)
Basic & Diluted earnings per share after extraordinary item (face value of ₹ 10 each)	₹	21.39	62.83

Note 29 : INFORMATION REGARDING STOCK**a) Capacity (As Certified by Management)**

Class of products	Annual Licensed capacity (MT)		Annual Installed Capacity (Casting) (MT)	
	2016-17	2015-16	2016-17	2015-16
S.S.Flats, Bars & Castings, Hot Rolled M.S./S.S/A.S Plates, H.R./C.R.Coil	N.A	N.A	300000	300000

b) Production:

Class of products	2016-17 Qty. (MT)	2015-16 Qty. (MT)
1. Finished Goods		
(a) Bars, Beams, Flats	61.172	3,481.908
(b) Plate & Coil	90,582.681	38,145.977
2. Semi-Finished Goods		
Slab, Billets, etc	20,532.309	50,126.903
TOTAL	1,11,176.162	91,754.788

c) Turnover

Class of Goods	2016-17		2015-16	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
1. Finished Goods				
(a) Bars, Beams, Flats	1,241.815	385.92	2,433.975	909.27
(b) Plate & Coil	83,064.754	30,087.43	39,173.284	13,788.93
2. Semi-Finished Goods				
Slab, Billets etc	15,390.585	4,320.82	48,878.465	14,226.00
TOTAL	99,697.154	34,794.17	90,485.724	28,924.20

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2016		As at 01-04-2015		As at 31-03-2017		As at 31-03-2016	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
1. Finished Goods								
(a) Bars, Beams, Flats	1,199.842	321.73	151.909	59.74	19.199	4.93	1,199.842	321.73
(b) Plate & Coil	7,957.463	2,628.10	8,984.770	3,044.43	15,475.390	4,885.66	7,957.463	2,628.10
(c) Excise Duty on Finished Goods		345.27		369.95		608.39		345.27
2. Semi-Finished Goods								
Slab, Billets etc	2,739.794	834.43	1,491.356	438.53	7,881.518	2,202.63	2,739.794	834.43
TOTAL	11,897.099	4,129.53	10,628.035	3,912.65	23,376.107	7,701.61	11,897.099	4,129.53

e) Consumption of Raw materials:

Particulars	2016-17		2015-16	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
Scrap	1,31,747.587	20,200.42	84,211.890	12,990.69
M.S.Slab	0	0	19,862.703	4,850.37
Others	1,886.306	1,063.82	2,808.979	1,424.78
TOTAL	1,33,633.893	21264.24	1,06,883.572	19265.84

f) Value of imports calculated on C.I.F. basis during the financial year in respect of: (Amount ₹ in Lacs)

Particulars	2016-17	2015-16
Raw Materials	4747.58	6410.34
Stores & Spares	30.30	11.69

g) Expenditure in foreign currency during the financial year (Amount ₹ in Lacs)

Particulars	2016-17	2015-16
Travelling Expenses	0	0

h) Value of Raw Materials, Stores, Chemical & Spares consumed during the year:

Particulars	2016-17		2015-16	
	Amount (₹ in Lacs)	% of consumption	Amount (₹ in Lacs)	% of consumption
Raw Material-Manufacturing Activity				
Imported	5,794.24	27.25%	7,228.75	37.52%
Indigenous	15,470.00	72.75%	12,037.09	62.48%
Total	21,264.24	100.00%	19,265.84	100.00%
Stores & Spare parts				
Imported	34.44	0.97%	13.53	0.66%
Indigenous	3,529.77	99.03%	2,051.50	99.34%
Total	3,564.21	100.00%	2,065.03	100.00%

i) Earning in Foreign Exchange: (Amount ₹ in Lacs)

Particulars	2016-17	2015-16
FOB Value of exports	0	0

Note 30 : RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i) Concern where significant interest exists.

Sr. no	Name of the Concern	Nature of Relationship
1	SAL Steel Limited	Associate
2	SAL Corporation Pvt. Ltd	Enterprise with significant influence
3	SAL Care Pvt. Ltd	Enterprise with significant influence
4	SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	Enterprise with significant influence
5	SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	Enterprise with significant influence
6	SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation)	Enterprise with significant influence
7	SAL Institute of Pharmacy (A Division of Adarsh Foundation)	Enterprise with significant influence
8	SAL Institute of Management (A Division of Adarsh Foundation)	Enterprise with significant influence
9	SAL College of Engineering (A Division of Adarsh Foundation)	Enterprise with significant influence
10	Kesar SAL Hospital (A Division of Adarsh Foundation)	Enterprise with significant influence

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director
4	Mr. Yashpal Mehta	Vice President & Chief Financial Officer (CFO)
5	Mr. Vinod Shah	Company Secretary

iii) Disclosure of Related Party Transactions

(Amount ₹ in Lacs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2016-17	2015-16	2016-17	2015-16
1	Purchase of goods & Services	13,065.22	5,750.69		
2	Purchase of Power	3,986.41	2,868.71		
3	Sales of Goods	209.03	105.13		
4	Manpower Charges Recovered	100.00	300.00		
5	Rent paid	9.60	9.60		
6	Interest paid	18.87	0.00		
7	Loan Availed	475.00	942.00		
8	Loan Repaid	451.00	1,885.00		
9	Intercorporate Loan Recoved	0	603.78		
10	Remuneration			47.28	49.68

iv) Disclosures of material transactions with related parties during the year:

Amount ₹ in Lacs

Sr.No.	Description	Related Parties	2016-17	2015-16	Balance outstanding as at	
					31/03/2017	31/03/2016
1	Purchase of Goods & Services	SAL Steel Ltd.	13,065.07	5,750.69	4,883.71	3,210.29
		SAL Pharmacy	0.16	0	8.68	8.52
		SAL Hospital & Medical Institute	0	0	27.15	27.15
2	Purchase of power	SAL Steel Ltd.	3,986.41	2,868.71	0	0
3	Sales of goods	SAL Steel Ltd.	207.47	105.13	0	0
		SAL Hospital & Medical Institute	1.56	0.00	1.56	0
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	47.60	142.80	0	11.66
		SAL Institute of Pharmacy	8.40	25.20	0	2.06
		SAL Institute of Management	8.40	25.20	0	2.06
		SAL College of Engineering	35.60	106.80	0	8.72
5	Rent paid	SAL Steel Ltd.	9.60	9.60	0.00	0
6	Interest Paid	SAL Hospital & Medical Institute	5.83	0	5.25	0
		SAL Care Pvt Ltd.	12.56	0	11.30	0
		SAL Corporation Pvt. Ltd.	0.48	0	0.43	0
7	Remuneration to Key Management Personnel	Mr. K S Kamath	12.92	12.92	0	0
		Mr. Ashok Sharma	12.00	12.00	0	0
		Mr. Yashpal Mehta	9.76	9.76	0	0
		Mr. Vinod Shah	12.60	15.00	0	0
8	Loan Availed	SAL Care Pvt Ltd.	0.00	810.00	0	0
		SAL Corporation Pvt. Ltd.	0.00	26.00	0	26.00
		SAL Hospital & Medical Institute	475.00	106.00	50.00	0.00
		Mr. Rajendra V Shah	0	0	367.73	367.73
9	Loan Repaid	SAL Care Pvt Ltd.	0	1,562.00	0	0
		SAL Corporation Pvt. Ltd.	26.00	0	0	0
		Mr. Rajendra V Shah	0	217.00	0	0
		SAL Hospital & Medical Institute	425.00	106.00	0	0
10	Intercorporate Loan Recoved	SAL Steel Ltd.	0	603.78	0	0

31. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.
32. Corporate Debt Restructuring (CDR) Cell through their lead bank, Union Bank of India had sanctioned a comprehensive debt restructuring scheme vide their letter No. BY.CDR (ABP) No. 1084 dated 22.1.2008. As per scheme company was supposed to make monthly payment of interest & installment by 01st October 2009. Looking to prevailing condition and reciprocal obligation not fulfilled by the CDR lenders & consequential losses incurred by the company in the year 2008, company had again approached CDR Cell for extension of moratorium period and CDR Cell had approved the rework proposal of the company vide their letter dated BY.CDR (ABP) NO.380/2009-10 dated 03-07-2009. The principal terms of the 2nd CDR Scheme and its compliances are as under:
- (a) Deferring repayment of Term loan ₹ 15,605.13 lacs Working capital term loan ₹ 17,782.65 and Non Convertible Debentures ₹ 10,000.00 lacs for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.
- (b) Interest for the moratorium period i.e. up to May 2011 shall be converted into Funded interest term loan (FITL) carrying interest rate of 6% p.a. repayable in 20 equal quarterly installments commencing from December 2013 quarter. Interest on FITL shall be serviced as and when due.

Consequent upon the sanction of the restructuring package, the company had to start repaying the aforesaid loans sanctioned by banks/institutions and debenture holders from June 2011 onwards however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL, Non convertible Debentures and FITL are as under:

(Amount ₹ in lacs)

Particulars	Period to which the default relates	Default	Period for which the default subsists
Term Loan	2011-12	921.08	1825-2101 days
	2012-13	1,111.92	1460-1736 days
	2013-14	1,111.92	1095-1370 days
	2014-15	1,111.92	730-1005 days
	2015-16	1,111.92	365-640 days
	2016-17	1,111.92	1-270 days
Working Capital Term Loan	2011-12	166.14	1825-2101 days
	2012-13	199.37	1460-1736 days
	2013-14	199.37	1095-1370 days
	2014-15	199.37	730-1005 days
	2015-16	199.37	365-640 days
	2016-17	199.37	1-270 days
Non Convertible Debenture	2011-12	1,041.67	1825-2101 days
	2012-13	1,250.00	1460-1736 days
	2013-14	1,250.00	1095-1370 days
	2014-15	1,250.00	730-1005 days
	2015-16	1,250.00	365-640 days
	2016-17	1,250.00	1-270 days
Funded Interest Term Loan (FITL)	2013-14	512.55	1095-1186 days
	2014-15	1,025.10	730-821 days
	2015-16	1,025.10	365-455 days
	2016-17	1,025.10	1-270 days

As per CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards, the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) has to be serviced as and when due.

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD). The Amount and the period of default are as listed under:

(Amount ₹ in lacs)

Particulars	Period to which the default relates	Default	Period for which the default subsists
Interest on Term Loan	2011-12	606.08	1825-2162 days
	2012-13	881.41	1460-1797 days
	2013-14	771.67	1095-1431 days
	2014-15	304.27	730-1066 days
	2015-16	407.69	365-700 days
	2016-17	175.89	1-335 days
Interest on Working Capital Term Loan	2011-12	159.93	1825-2162 days
	2012-13	159.49	1460-1797 days
	2013-14	159.49	1095-1431 days
	2014-15	159.49	730-1066 days
	2015-16	86.25	365-700 days
	2016-17	44.92	1-91 days
Interest on Non Convertible Debenture	2011-12	818.90	1825-2162 days
	2012-13	980.00	1460-1797 days
	2013-14	980.00	1095-1431 days
	2014-15	890.00	730-1066 days
	2015-16	892.44	365-700 days
	2016-17	890.00	1-335 days

As per the terms of the CDR, Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of interest on FITL. The amount and the period of default are as mentioned below:

(Amount ₹ in lacs)

Particulars	Period to which the default relates	Default	Period for which the default subsists
Interest on Funded Interest Term Loan(FITL)	2010-11	293.82	2191-2435 days
	2011-12	393.22	1826-2070 days
	2012-13	444.82	1461-1704 days
	2013-14	364.05	1096-1339 days
	2014-15	308.89	730-1066 days
	2015-16	294.58	365-700 days
	2016-17	247.10	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

(Amount ₹ in lacs)

Particulars	Period to which the default relates	Default	Period for which the default subsists
Interest on working capital facilities	2010-11	598.98	2191-2465 days
	2011-12	689.03	1826-2100 days
	2012-13	687.15	1461-1734 days
	2013-14	759.51	1096-1369 days
	2014-15	621.15	730-1066 days
	2015-16	386.45	365-700 days
	2016-17	63.93	1-151 days

- c) Rate of interest on Term Loan, Non Convertible Debenture and WCTL will be 10% p.a. for the term lenders who are presently charging more than 10% p.a. payable monthly. Existing rates will continue for those lenders who are charging less than 10% p.a. payable monthly and FITL will carry interest at the rate of 6 % per annum.

As per the terms of the CDR, the company has brought in Promoters' contribution during the year 2009-10.

33. Secured Borrowings from the below mentioned banks have been transferred / assigned to financial institution together with all their rights, title and interest in the financial documents and any underline security interest/pledges and /or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank	31/12/2012	Asset Reconstruction Company (India) Ltd.
IDBI Bank	28/03/2014	Asset Reconstruction Company (India) Ltd.
Bank of Maharashtra	13/05/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.
Punjab National Bank	31/03/2016	Invent Assets Securitization & Reconstruction Pvt. Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with Asset Reconstruction Companies (ARC) and hence due to non availability of agreement with Asset Reconstruction Companies (ARC), the company has taken the CDR – 2 orders as base for classification of current / non-current liability and default of total borrowing.

- 34 The company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its order number 13/2010 dated 31st August, 2010 has declared that the company has become sick industrial company u/s 3(1)(o) of SICA. [Sick Industrial Companies (Special Provision) Act, 1985].
- 35 Balances of Secured Loan, Unsecured Loans, Bank balances, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.
- 36 Certain balance of Debtors, Loans and Advances and Creditors are non moving/ slow moving since long, however in view of the management the same is recoverable / payable and hence no provision for the same is made in the books of accounts.
- 37 The Company has long term investment in the shares of SAL Steel Limited amounting to ₹ 3,994.96 lacs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2017, the Company has accumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited also indicates that the Company has a net loss during the previous year(s) and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. Also there is no major movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there is decline, other than temporary, in the value of a long term investment. And as a result, we have accounted for investment in shares of SAL Steel Ltd at market rate of shares @ ₹ 5.07 per share reducing the value of investment to ₹ 1,534.03 lacs and provided for ₹ 2,460.93 lacs as diminution other than temporary in the value of investment in books of accounts.
- 38 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the previous years and the Company's current liabilities exceed its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating with the ARC / lenders for one time settlement (OTS) and expecting the waiver of interest with the banks. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post OTS, Company will reduce the interest burden drastically and will be optimistic about vanishing of accumulated losses gradually.
- 39 Foreign currency exposure at the year end not hedged by derivative instruments:

Particulars	As At March 31, 2017	As At March 31, 2016
Advance payment to suppliers		
Rupees in lacs	117.52	293.23
US Dollar in lacs	1.81	4.42
FCCB Payable (Including Interest)		
Rupees in lacs	7,237.88	7,237.88
US Dollar in lacs	148.25	148.25

- 40 The company has entered into settlement agreement with effect from 16th March 2017 for the entire dues in respect of the various facilities and assistance provided respectively by Bank of Baroda, Oriental Bank of Commerce and Axis bank which is now assigned to Edelweiss Assets Reconstruction Company Limited. The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 5,000.00 lacs towards full and final settlement against the total liability (Principal and Interest) of ₹ 19,326.35 lacs resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 14,326.35 lacs.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 14,326.35 lacs the waiver of liability of Principal portion of ₹ 6,888.29 lacs has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2017

and waiver of interest liability for ₹ 7,438.06 lacs has been offered as an Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2017.

41. Disclosure on Specified Bank Notes

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308 (E), dated March 31,2017. The details of SBNs held and transacted during the period from Novemebr 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notification are as follows.

	SBNs	Other denomination notes (₹ in lacs)	Total (₹ in lacs)
Closing cash in hand as on 08/11/2016	0	10.43	10.43
(+) Permitted receipts	0	5.00	5.00
(-) Permitted Payments	0	14.64	14.64
(-) Amount deposited in Banks	0	0	0
Closing cash in hand as on 30/12/2016	0	0.79	0.79

42. The Company has restated its investment in SAL Steel limited as at 31st March 2017 taking base of Market price of Share of SAL Steel limited and hence, the Company has recorded Gains of ₹ 659.60 lacs for the year ended March 31, 2017 by way of reducing Provision for Diminution in value of the Investment.

43. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year.

Signatures to Notes 1-43

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For Talati & Talati

Chartered Accountants
FRNo: 110758W

Umesh Talati

Partner
M.No. 34834

Place : Ahmedabad
Date : May 27, 2017

**For and on behalf of the Board of Directors
Shah Alloys Limited**

Rajendra V. Shah

Chairman

K. S. Kamath

Jt. Managing Director

Ashok Sharma

Whole Time Director

Yashpal Mehta

V.P. & CFO

Vinod Kumar Shah

Company Secretary

Place : Santej

Date : May 27, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Shah Alloys Limited (hereinafter referred to as "the Holding Company") and its Associate (the Holding Company and its Associate together referred to as "the Group") which comprise the Consolidated Balance sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and the Consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective board of directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

1. *The Holding Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds(FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2017, which constitutes a departure from the Accounting Standard - 11, "The Effects of Changes in Foreign Exchange Rates", which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2017. The Holding Company's record indicate that had management done the provision, Foreign exchange gains for the Year ended 31st March 2017 would have been higher by ₹ 2,21,53,745/-. Accordingly, profits for the Year ended 31st March 2017 has been under -stated by ₹ 2,21,53,745/-, and Negative balance of reserves and surplus and Current liabilities-both have been understated by ₹ 23,74,76,342/- as at 31st March 2017.*
2. *Management of the associate company is of the view that they do not anticipate execution of its ongoing capital projects. However, the Associate Company has not made adequate provision towards recovery of capital advances for the said project for the amount of ₹ 912.32 Lacs which are currently shown under Long term loans and advances in its standalone Financials. The consequential impact of adjustment, if any, on the actual realization of said advances on the financial statements is currently not*

ascertainable. Therefore, we are unable to comment on its consequential financial impact, if any, on the Consolidated financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) In case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2017,
- 2) In case of the consolidated Statement of profit and loss, of the Profits for the year ended on that date
- 3) In case of the consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated Financial Statements:

- 1) Note No 39 to the consolidated financial statements regarding the Holding Company having accumulated losses and its net worth has been fully eroded. The consolidated Financial Statements indicates that the Holding Company has incurred net loss during the previous year(s) and, the Holding Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Holding Company's ability to continue as a going concern. However, the consolidated financial statements of the Holding Company have been prepared on a going concern basis for the reasons stated in the said Note 39 to the consolidated financial statements.
- 2) Note No 34 to the consolidated financial statements of holding company, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.
- 3) Note 41 to the consolidated Financial Statements about the settlement agreement entered into by the Holding company with effect from 16th March 2017 for the entire dues in respect of the various facilities and assistance provided respectively by Bank of Baroda, Oriental Bank of Commerce and Axis bank which is now assigned to Edelweiss Assets Reconstruction Company Limited . The Holding Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.
The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 50,00,00,000/- towards full and final settlement against the total liability(Principal and Interest) of ₹ 193,26,37,042/- resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 143,26,37,042/-
Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 143,26,37,042/-, the waiver of liability of Principal portion of ₹ 68,88,29,943/- has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2017 and waiver of interest liability for ₹ 74,38,07,099/- has been offered as Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2017.
- 4) Note 44 to the Consolidated financial statement which narrates about reduction in provision for diminution in value of Investment in Shares of SAL Steel Limited which has been shown as an Extraordinary item in the statement of profit and loss .
- 5) Note 43 to the Consolidated Financials regarding the recognition of the share of loss in its Associate by the Holding Company.
- 6) Note 46 to the Consolidated financial statements which describes about the Non disclosure of Reportable Segments as required under Accounting Standard – 17 'Segment Reporting' by the Associate Company due to which there is no impact on the Consolidated Statement of Profit and Loss.
- 7) During the year, the Associate Company has accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Associate Company has incurred a net loss during the current and previous year(s) and, the Associate Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Associate Company's ability to continue as a going concern. However, the financial statements of the Associate Company have been prepared on a going concern basis for the reasons stated in the said Note 47 to the Consolidated financial statements.
- 8) Assignment of dues for various facilities provided to the Associate company by banks to Invent Assets Securitization and Reconstruction Private Limited as per Note 48 to the Consolidated financial statements.
- 9) Note 51 to the Consolidated Financial Statements regarding the Associate company's reference being filed under section 15(1) of SICA (SP) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 has registered the reference filed by the Associate company vide case no 109/2015.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

- i) As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and, except for the possible effect of the matter described in the Basis for Qualified opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

- b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
- c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) The going concern matter as described in sub-paragraph (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) On the basis of the written representations received from the directors of Holding company and the associate company as on March 31, 2017 taken on record by the Board of Directors of Holding company and the associate company, none of the directors of the Group Companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Consolidated Financial Statements disclosed the impact of pending litigations on Consolidated financial position in its Consolidated financial statements – Refer Note 21 to the Consolidated financial statements;
 - ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate company.
 - iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on Management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer to Note 42 to the financial statements.

For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 27, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHAH ALLOYS LIMITED

Referred to in our Report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of Shah Alloys Limited (hereinafter referred to as "the Holding Company") and its associate company (together referred to as "the Group"), which is incorporated in India

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company and its its associate company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company and its Associate's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed 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. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and the according to the explanation given to us, the Holding Company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of

internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For Talati & Talati
Chartered Accountants
(Firm Reg. No: 110758W)**

**Place : Ahmedabad
Date : May 27, 2017**

**Umesh Talati
Partner
Mem No. : 034834**

Consolidated Balance Sheet as at March 31, 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds:			
(a) Share Capital	3	1,979.75	1,979.75
(b) Reserves and Surplus	4	(29,502.84)	(39,967.09)
		(27,523.09)	(37,987.34)
(2) Non-Current Liabilities:			
(a) Long Term Borrowings	5	22,397.44	23,980.07
(b) Other Long Term Liabilities	6	35.00	35.00
(c) Long Term Provisions	7	126.69	117.06
		22,559.13	24,132.13
(3) Current Liabilities:			
(a) Short Term Borrowings	8	7,177.91	13,087.49
(b) Trade Payables	9	10,091.98	7,316.24
(c) Other Current Liabilities	10	50,041.33	55,641.51
(d) Short Term Provisions	11	477.39	450.65
		67,788.61	76,495.89
TOTAL		62,824.65	62,640.68
II. ASSETS			
(1) Non-Current Assets:			
(a) Fixed Assets	12		
(i) Tangible Assets		14 316.58	15 694.42
(ii) Capital work-in-progress		900.50	900.50
(b) Non-Current Investments	13	.00	.00
(c) Long Term Loans and Advances	14	227.02	227.02
(d) Deferred Tax Assets (Net)	15	33 804.43	34 815.71
		49 248.53	51 637.65
(2) Current Assets:			
(a) Inventories	16	11 675.24	8 243.23
(b) Trade Receivables	17	733.72	993.54
(c) Cash and Bank Balances	18	192.56	305.41
(d) Short Term Loans and Advances	19	974.60	1 460.85
		13 576.12	11 003.03
TOTAL		62,824.65	62,640.68
The accompanying notes are an integral part of these consolidated financial statements.	1 to 50		

As per our Report of even date**For Talati & Talati**Chartered Accountants
FRNo: 110758W**Umesh Talati**Partner
M.No. 34834

Place : Ahmedabad

Date : May 27, 2017

**For and on behalf of the Board of Directors
Shah Alloys Limited****Rajendra V. Shah**

Chairman

K. S. Kamath

Jt. Managing Director

Ashok Sharma

Whole Time Director

Yashpal Mehta

V.P. & CFO

Vinod Kumar Shah

Company Secretary

Place : Santej

Date : May 27, 2017

Consolidated Statement of Profit and Loss for the Year ended 31st March 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
I. Revenue from operations	21	34,897.21	29,224.20
Less: Excise duty		(3,759.10)	(3,123.75)
		31,138.11	26,100.45
II. Other income	22	90.15	136.44
III. Total revenue (I + II)		31,228.26	26,236.89
IV EXPENDITURE :			
Cost of materials consumed	23	21,264.24	19,265.84
Changes in inventories of finished goods & work-in-progress.	24	(3,572.08)	(216.88)
Employee benefits expense	25	1,210.52	1,210.13
Finance costs	26	1,433.35	2,313.56
Depreciation and Amortization Expense		1,374.31	1,816.08
Other Expenses	27	12,368.75	7,645.55
Total Expenses		34,079.09	32,034.28
V Loss before extraordinary items and tax (III-IV)		(2,850.83)	(5,797.39)
VI Extraordinary Item. (Refer Note No 40& 42)		8,097.67	24,711.85
VII Profit before tax (V+VI)		5,246.84	18,914.46
VIII Tax expense:			
Deferred tax		1,011.28	6,475.59
IX Profit for the period (VII-VIII)		4,235.56	12,438.87
X Share of Loss of Associate Concern		659.60	344.93
XI Profit / (Loss) for the period (IX-X)		3575.96	12093.94
XI Earnings per equity share of face value of ₹ 10 each	28		
Basic & Diluted after Extraordinary Items		18.06	61.09
Basic & Diluted before Extraordinary Items		(22.84)	(63.73)
The accompanying notes are an integral part of these financial statements.	1 to 50		
As per our Report of even date			
For Talati & Talati Chartered Accountants FRNo: 110758W			
Umesh Talati Partner M.No. 34834 Place : Ahmedabad Date : May 27, 2017			
For and on behalf of the Board of Directors Shah Alloys Limited			
Rajendra V. Shah Chairman			
K. S. Kamath Jt. Managing Director			
Ashok Sharma Whole Time Director			
Yashpal Mehta V.P. & CFO			
Vinod Kumar Shah Company Secretary			
Place : Santej Date : May 27, 2017			

Consolidated Cash Flow Statement for the year ended 31st March 2017

(Pursuant to the listing Agreement with Stock Exchange)

(Amount ₹ in Lacs)

Particulars	2016-17		2015-16	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit (Loss) before Tax		5,246.84		18,914.46
Adjustments for :				
Depreciation	1,374.31		1,816.08	
Unrealised Foreign (Gain) / Loss	1.48		(8.07)	
Loss / (Profit) on Sale of Assets	(1.16)		0.00	
Interest expenses	1,433.35		2,313.56	
Interest waiver (OTS)	(7,438.07)		(24,725.42)	
Principle waiver of Borrowings (OTS)	(6,888.30)		(21,394.43)	
Interest Income	(39.58)		(21.35)	
		(11,557.97)		(42,019.63)
		(6,311.13)		(23,105.17)
Operating Profit Before Working Capital Changes				
Adjustments for :				
Trade and other receivables	746.06		2,221.47	
Inventories	(3,432.01)		(65.94)	
Trade Payable and others	3,131.80		1,106.31	
		445.85		3,261.84
Cash Generated From Operations		(5,865.28)		(19,843.33)
Direct Taxes Paid		0.00		0.00
Net Cash from Operating Activities before Extra Ordinary Items		(5,865.28)		(19,843.33)
Impairment of CWIP	0.00		358.50	
Interest waiver income (OTS)	7,438.07		24,725.42	
Provision for diminution in value of long term investments	(659.60)		(344.93)	
		6,778.47		24,738.99
Net Cash from Operating Activities after Extra Ordinary Items(A)		913.19		4,895.66
B CASH FLOW FROM INVESTING ACTIVITIES:				
Recovery of Loan Given	0.00		603.78	
Sale of Fixed Assets	4.70		0.00	
Interest Income	39.58		21.35	
		44.28		625.13
Net Cash from Investing Activities(B)		44.28		625.13
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long term Borrowings and Working capital (Net of repayments)	363.03		(3,001.86)	
Interest Paid	(1,433.35)	(1,070.32)	(2,313.56)	(5,315.42)
Net Cash from Financing Activities (C)		(1,070.32)		(5,315.42)
Net Increase in Cash and Equivalent. (A+B+C)		(112.85)		205.37
Cash And Cash Equivalents as at the Beginning of the year		305.41		100.04
Cash And Cash Equivalents as at the Close of the year		192.56		305.41

Consolidated Cash Flow Statement for the year ended 31st March 2017 [Contd...]

(Amount ₹ in Lacs)

Particulars	2016-17		2015-16	
Note:				
Cash & Bank balances:				
a) Balance with Banks :				
- In Current accounts		190.77		285.22
b) Cash on hand		1.79		9.78
d) Other bank balances:				
- In Margin Money		0		10.41
Total		192.56		305.41
As per our Report of even date	For and on behalf of the Board of Directors			
For Talati & Talati	Shah Alloys Limited			
Chartered Accountants	Rajendra V. Shah	Chairman		
FRNo: 110758W	K. S. Kamath	Jt. Managing Director		
Umesh Talati	Ashok Sharma	Whole Time Director		
Partner	Yashpal Mehta	V.P. & CFO		
M.No. 34834	Vinod Kumar Shah	Company Secretary		
Place : Ahmedabad	Place : Santej			
Date : May 27, 2017	Date : May 27, 2017			

Notes to Consolidated Financial statement for the year ended 31 March 2017**1 1.1 CORPORATE INFORMATION :**

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel in Flat and Long products.

1.2A BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENT:

The consolidated financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules made there under. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company's activities in its business segments have operating cycles which do not exceed 12 months. As a result, current assets comprise elements that are expected to be realized within 12 months after the reporting date and current liabilities comprise elements that are due for settlement within 12 months after the reporting date.

1.2B PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Shah Alloys Limited ('the Company') and its associate. The consolidated financial statements have been prepared on the following basis:

- a) Investment in Associate Company has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".
- b) The Holding Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Holding Company and its associate to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss, based on available information.
- c) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate financial statements.
- e) In case where an Investor's share of losses of an associate equals or exceeds the carrying amount of the investment, the investor ordinarily discontinues recognising its share of further losses and the investment is reported at nil value. If the associate subsequently reports profits, the investor resumes including its share of profits only after its share of profits equals the share of net losses that have not been recognised earlier.

2 SIGNIFICANT ACCOUNTING POLICIES :**2.1 Use of Estimates:**

The preparation of the consolidated financial statements in conformity with the Generally Accepted Accounting principles requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of consolidated financial statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue Recognition:

Sales are stated net of rebate and trade discount and include Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined. Export Benefits are accounted / recognized on accrual basis. Dividend income is recognized when right to receive is established. Interest income is recognized on accrual basis. Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

2.3 Excise Duty

Excise Duties recovered are included in the sale of products & then shown as deduction on the face of Statement of Profit & Loss. Excise duties in respect of Finished Goods lying in stock/bonded warehouse are shown separately under the head "Other expenses" and included in the valuation of finished goods.

2.4 Valuation of Inventories:

Inventories are valued at lower of cost or net realizable value after considering the credit of VAT and CENVAT.

In case of Raw Materials, Stock at third party and Stores and Spares are determined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost.

Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates.

Net realisable value is estimated at the expected selling price less estimated completion and selling costs.

2.5 Fixed Assets

- (a) Fixed assets are stated at cost (net of Cenvat credit), less accumulated depreciation and impairment loss, if any. [Other than "freehold land" where no depreciation is charged]. Costs include all expenses incurred to bring the assets to its present location and condition.
- (b) Capital Work in progress is stated at cost less impairment loss if any.
- (c) Cost of Trial run Production incurred during the initial period of production is capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects is capitalized amongst the various heads of fixed assets on the commencement of the projects.
- (e) Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

2.6 Depreciation and Amortization

Depreciation on tangible assets is provided by using the straight line method based on useful life specified in Schedule II of the Companies Act 2013

Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher / lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the consolidated financial statements.

2.7 Cash flow statement

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

2.8 Investments

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

2.9 Foreign currency transactions

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Statement of Profit and Loss.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Statement of Profit and Loss

2.10 Employee Benefits:

(a) Short Term

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company

(b) Long Term

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.

(c) Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or

informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(d) Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

2.11 Borrowing cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

2.12 Taxation:

Income tax expenses comprise current tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

2.13 Impairment of Assets

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net selling price is the estimate selling price in the ordinary course of business less estimated cost of completion and to make the sales.

2.14 Earnings per share

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares issued during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

2.15 Provisions, Contingent Liability and Contingent Asset

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the consolidated financial statements. A contingent asset is neither recognized nor disclosed.

2.16 Cash and Cash equivalents:

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. This comprises cash and deposit with banks and financial institutions.

Notes forming part of the Consolidated Financial Statements

Amount (₹ in Lacs)

Note 3 : SHARE CAPITAL	As At March 31, 2017	As At March 31, 2016
The Authorised, Issued, Subscribed and fully Paid up Share Capital comprises of equity shares having a par value of ₹ 10 each as follows:		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00
Total	3,500.00	3,500.00
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	1,979.75	1,979.75
[It comprises of 1,977,500 equity shares of ₹ 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depository Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	1,979.75	1,979.75

a) Reconciliation of Number of Shares:

Equity Shares:	As at 31st March, 2017		As at 31st March, 2016	
	Number of shares	Amount (₹ in Lacs)	Number of shares	Amount (₹ in Lacs)
Shares outstanding at the beginning of the year	1 97 97 540	1,979.75	1 97 97 540	1,979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	1 97 97 540	1,979.75	1 97 97 540	1,979.75

b) Rights, Preferences and restrictions attached to shares

Equity Shares

The company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual general meeting, except in case of interim dividend. In the case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

c) Details of Shares held by Shareholders holding more than 5% in the Company

Name of the Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta of HUF

Amount (₹ in Lacs)

Note 4 : RESERVES & SURPLUS	As At March 31, 2017	As At March 31, 2016
i) Capital Reserve:		
As per Last Balance Sheet	21,394.44	0.01
Add : During the year (Refer Note No 40)	6,888.29	21,394.43
	28,282.73	21,394.44
ii) Security Premium Reserve:	502.61	502.61
	502.61	502.61
iii) Debenture Redemption Reserve:	6,000.00	6,000.00
	6,000.00	6,000.00
iv) Surplus / (Deficit) in Statement of Profit & Loss:		
As per Last Balance Sheet	(67,864.14)	(79,958.08)
Profit during the year	3,575.96	12,093.94
	(64,288.18)	(67,864.14)
Total (i)+(ii)+(iii)+(iv)	(29,502.84)	(39,967.09)

Amount (₹ in Lacs)

Note 5 : LONG TERM BORROWINGS	As At March 31, 2017	As At March 31, 2016
(A) SECURED :		
I) Debentures		
- Non Convertible Debentures	1,458.33	2,708.33
II) Term Loans		
a) From Banks		
- Rupee Term Loan	174.48	324.04
- Funded Interest Term Loan	113.36	413.37
- Working Capital Term Loan	0	242.67
b) From Financial Institutions		
- Rupee Term Loan	19,537.76	16,808.76
- Funded Interest Term Loan	399.19	1,622.75
- Working Capital Term Loan	232.59	1,328.42
	21,915.71	23,448.34
(B) UNSECURED :		
Inter Corporate Deposits		
From Others	114.00	164.00
Loans & Advances from related parties		
- From Director	367.73	367.73
	481.73	531.73
Total	22,397.44	23,980.07

(A) SECURED :**a) Nature of security and terms of repayment for secured borrowings****I) Non Convertible Debentures**

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. Second charges on Working Capital assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all Corporate Debts Restructuring lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah. Non Convertible Debentures is repayable in equal monthly installment starting from June 2011 till May 2019.

Maturity profile of Non Convertible Debentures are as set out below :

Amount (₹ in Lacs)

Financial Year	Rate of Interest	
	9%	10%
2018-19	250.00	1,000.00
2019-20	41.67	166.66

b) Period and Amount of default as on the Balance sheet

Amount (₹ in Lacs)

Particulars	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
2011-12	1,041.67	1825-2101 days	818.90	1825-2162 days
2012-13	1,250.00	1460-1736 days	980.00	1460-1797 days
2013-14	1,250.00	1095-1370 days	980.00	1095-1431 days
2014-15	1,250.00	730-1005 days	890.00	730-1066 days
2015-16	1,250.00	365-640 days	892.44	365-700 days
2016-17	1,250.00	1-270 days	890.00	1-335 days
Total	7,291.67		5,451.34	

II) Term Loan from Bank / Financial Institution:

First Mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. (except Punjab National Bank's Corporate loan which has exclusive charge on 26,00,000 shares of Shah Alloys Limited. Thus First charge on fixed assets is not extended to Punjab national bank over the Corporate loan) Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari passu with all CDR lenders except for 26,00,000 shares on which Punjab national bank has exclusive charge. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2020.

Terms of repayment for term loans are as set out below :

Amount (₹ in Lacs)

Particulars	2018-19	2019-20	2020-21	2021-22
Rupee term Loan from Bank	149.56	24.93		
Term Loans from Financial Institution	1,524.36	7,571.39	7,042.00	3,400.00
Working Capital Term Loan from Financial Institution	199.37	33.23	0	0
Funded Interest Term Loan from Bank	113.36	0	0	0
Funded Interest Term Loan from Financial Institution	399.19	0	0	0
Total	2,385.84	7,629.55	7,042.00	3,400.00

As per the terms of CDR Company has provided interest on Term Loan @10 % except LIC of India @8.75 %, on Working Capital Term Loan @10 % and on Funded Interest Term Loan @6 %

b) Period and Amount of default as on the Balance sheet

The company has made a default in repayment as follows:

Amount (₹ in Lacs)

Particulars	Period to which default relates	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
Rupee term Loan from Bank	2011-12	124.63	1825-2101 days	606.08	1825-2162 days
	2012-13	149.56	1460-1736 days	825.16	1460-1797 days
	2013-14	149.56	1095-1370 days	715.43	1095-1431 days
	2014-15	149.56	730-1005 days	248.03	730-1066 days
	2015-16	149.56	365-640 days	351.29	365-700 days
	2016-17	149.56	1-270 days	119.65	1-335 days
Term Loans from Financial Institution	2011-12	796.45	1825-2101 days	0	-
	2012-13	962.36	1460-1736 days	56.24	1460-1797 days
	2013-14	962.36	1095-1370 days	56.24	1095-1431 days
	2014-15	962.36	730-1005 days	56.24	730-1066 days
	2015-16	962.36	365-640 days	56.40	365-700 days
	2016-17	962.36	1-270 days	56.24	1-335 days
Working Capital Term Loan from Bank	2011-12	0	-	159.93	1825-2162 days
	2012-13	0	-	159.49	1460-1797 days
	2013-14	0	-	159.49	1095-1431 days
	2014-15	0	-	159.49	730-1066 days
	2015-16	0	-	86.25	365-700 days
	2016-17	0	-	44.92	1-91 days
Working Capital Term Loan from Financial Institution	2011-12	166.14	1825-2101 days	0	-
	2012-13	199.37	1460-1736 days	0	-
	2013-14	199.37	1095-1370 days	0	-
	2014-15	199.37	730-1005 days	0	-
	2015-16	199.37	365-640 days	0	-
	2016-17	199.37	1-270 days	0	-
Funded Interest Term Loan from Bank & Financial Institution	2010-11	0	-	293.82	2191-2435 days
	2011-12	0	-	393.22	1826-2070 days
	2012-13	0	-	444.82	1461-1704 days
	2013-14	512.55	1095-1186 days	364.05	1096-1339 days
	2014-15	1,025.10	730-821 days	308.89	730-1066 days
	2015-16	1,025.10	365-455 days	294.58	365-700 days
2016-17	1,025.10	1-270 days	247.10	1-335 days	
Total		11,231.52		6,263.05	

Amount (₹ in Lacs)

Note 6 : OTHER LONG TERM LIABILITIES	As At March 31, 2017	As At March 31, 2016
Security Trade Deposits	35.00	35.00
Total	35.00	35.00

Amount (₹ in Lacs)

Note 7 : LONG TERM PROVISIONS	As At March 31, 2017	As At March 31, 2016
Provision for Employee Benefits		
- Gratuity	126.69	117.06
Total	126.69	117.06

Amount (₹ in Lacs)

Note 8 : SHORT TERM BORROWINGS	As At March 31, 2017	As At March 31, 2016
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	0	946.35
From Financial Institution	7,127.91	12,115.14
UNSECURED		
Inter Corporate Deposits		
From Related Parties	50.00	26.00
Total	7,177.91	13,087.49

a) **Nature of security and terms of repayment for secured borrowings****Cash Credit Facilities**

Hypothecation first charges on company's entire stocks of raw material, stock in progress, finished goods, book debts/receivables and all current assets stored in the company's factory premises, at all plants and / or elsewhere including those in transit covered by documents of title thereto, local and export usance bill ranking pari-passu in favor of all the working capital banks. Second charge on the entire movable and immovable assets both present and future on pari-passu basis. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

b) **Period and Amount of default as on the Balance sheet**

Amount (₹ in Lacs)

Particulars	Period to which default relates	Default in payment of interest on working capital facilities	Default in payment of interest on working capital facilities
Interest on Working capital facilities	2010-11	598.98	2191-2465 days
	2011-12	689.03	1826-2100 days
	2012-13	687.15	1461-1734 days
	2013-14	759.51	1096-1369 days
	2014-15	621.15	730-1066 days
	2015-16	386.45	365-700 days
	2016-17	63.93	1-151 days
Total		3,806.20	

UNSECURED :**Deposits:**

The company has taken inter corporate deposit during the year from related parties SAL Hospital & Medical Institute ₹ 4,75,00,000/- (₹ 4,25,00,000/- paid during the year). This party is covered under the register maintained under section 189 of the Companies Act, 2013.

Amount (₹ in Lacs)

Note 9 : Trade Payables	As At March 31, 2017	As At March 31, 2016
Due to Micro, Small and Medium Enterprises *	0	
Other than Micro, Small and Medium Enterprises	10,091.98	7,316.24
Total	10,091.98	7,316.24

* The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

Amount (₹ in Lacs)

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:

	As At March 31, 2017	As At March 31, 2016
- SAL Steel Limited	4,883.71	3,210.29
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	27.15	27.15
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	8.68	8.52

Amount (₹ in Lacs)

Note 10 : OTHER CURRENT LIABILITIES	As At March 31, 2017	As At March 31, 2016
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	1,250.00	1,250.00
- Term Loan from Banks	149.56	149.56
- Working Capital Term Loan from Banks	0	112.00
- Working Capital Term Loan from Financial Institutions	199.37	613.12
- Term Loan from Financial Institutions	1,562.36	1,350.97
- Funded Interest Term Loan from Bank	226.71	275.58
- Funded Interest Term Loan from Financial Institutions	798.39	1,081.83
	4,186.39	4,833.06
(b) Interest accrued & due on Borrowings	10,474.31	15,521.75
	10,474.31	15,521.75
(c) Income received in Advance	186.52	168.66
(d) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	7,291.67	6,041.67
- Interest Accrued on Matured Non Convertible Debentures	7,922.93	7,213.18
	15,214.60	13,254.85
(e) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	4,882.05	4,882.05
Add: Premium Payable on FCCB	2,355.83	2,355.83
	7,237.88	7,237.88
(f) Other Payables		
- Term Loan from Bank	872.42	722.86
- Working Capital Term Loan from Banks	0	541.33
- Working Capital Term Loan from Financial Institution	1,162.97	2,963.39
- Term Loan from Financial Institution	5,608.27	5,797.38
- Funded Interest Term Loan from Bank	793.49	688.95
- Funded Interest Term Loan from Financial Institution	2,794.36	2,704.58
- Statutory Dues Payable*	763.63	402.28
- Deferred Sales Tax Liability	497.99	497.99
- Unpaid Expenses	248.50	306.55
	12,741.63	14,625.31
Total	50,041.33	55,641.51

The Company, in September 2006, has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of Companies Act, 2013.

Since Bond holders have yet not exercised the option no further interest has been accounted for. Accordingly Foreign Currency Convertible Bonds (FCCB) is due for repayment to Bond Holders. However, no payment has been made to Bond Holders.

* It includes amount in the nature of Statutory dues such as withholding taxes, service tax, VAT, Excise duty, etc.

Interest accrued & due on Borrowings includes ₹ 5,25,049/- Payable to SAL Hospital & Medical Institute, ₹ 43,155/- Payable to SAL Corporation Pvt Ltd and ₹ 11,30,277/- Payable to SAL Care Pvt. Ltd.

Amount (₹ in Lacs)

Note 11 : SHORT TERM PROVISIONS	As At March 31, 2017	As At March 31, 2016
Provision for Employee Benefits		
- Gratuity	44.36	36.00
- Leave Encashment	54.12	54.12
- Others*	378.91	360.53
Total	477.39	450.65

* It includes bonus & other incentives to employees

Note 12 : FIXED ASSETS

Tangible Assets :

Amount (₹ in Lacs)

Particulars	Freehold Land	Factory Building	Office Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
Cost of Assets									
As at 1st April 2015	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2016	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.85
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	70.69	0	0	70.69
As at 31st March 2017	422.82	2276.72	326.92	51672.69	49.17	320.37	210.23	197.24	55476.16
Depreciation									
As at 1st April 2015	0	931.94	38.40	36,285.29	46.71	371.40	199.71	162.90	38,036.35
Charge for the year	0	85.62	5.16	1,714.91	0	0.10	0	10.29	1,816.08
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2016	0.00	1,017.56	43.56	38,000.20	46.71	371.50	199.71	173.19	39,852.43
Charge for the year	0	68.87	5.16	1,293.61	0	0.01	0	6.66	1,374.31
Disposal / Adjustments	0	0	0	0	0	67.16	0	0	67.16
As at 31st March 2017	0	1086.43	48.72	39293.81	46.71	304.35	199.71	179.85	41159.58
Net Block									
As at 31st March 2016	422.82	1259.16	283.36	13672.49	2.46	19.56	10.52	24.05	15694.42
As at 31st March 2017	422.82	1190.29	278.20	12378.88	2.46	16.02	10.52	17.39	14316.58

Capital work-in-progress	31.03.2017	31.03.2016
Plant & Machinery	900.5	900.5
Total	900.5	900.5

Notes :

- Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
- Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.

Amount (₹ in Lacs)

Note 13 : NON CURRENT INVESTMENTS	As At March 31, 2017	As At March 31, 2016
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	3,994.96	3,994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Less : Provision for Diminution in value of Investment (Refer note No 37)	2,460.93	3,120.54
Less : Share of Loss from Associate	1534.03	874.42
Total	0	0

Aggregate amount of Quoted Investment and Market Value ₹ 1,534.03 Lacs as at 31st March 2017 (P.Y. ₹ 874.42 Lacs)

Amount (₹ in Lacs)

Note 14 : LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Security Deposits	227.02	227.02
Total	227.02	227.02

Amount (₹ in Lacs)

Note 15: DEFERRED TAX ASSETS (NET)	As At March 31, 2017	As At March 31, 2016
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	28,101.12	27,303.29
On account of disallowances under the Income tax act, 1961	8,341.26	10,215.83
Gross deferred tax asset (A)	36,442.38	37,519.12
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2,637.95	2,703.41
Gross deferred tax liability (B)	2,637.95	2,703.41
Net Deferred Tax (A-B)	33,804.43	34,815.71

Amount (₹ in Lacs)

Note 16 : INVENTORIES (valued at lower of cost or net realizable value)	As At March 31, 2017	As At March 31, 2016
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	420.95	419.78
ii) In Transit	53.11	24.08
Work in Progress	2,202.63	834.44
Finished Goods	5,498.98	3,295.09
Stores & spares	3,499.57	3,669.84
Total	11,675.24	8,243.23

Amount (₹ in Lacs)

Note 17 : TRADE RECEIVABLES	As At March 31, 2017	As At March 31, 2016
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	34.30	97.18
Others	699.42	896.36
Doubtful	153.37	162.20
Total	887.09	1,155.74
Less: Provision for claim / Doubtful debts	153.37	162.20
Total	733.72	993.54

Amount (₹ in Lacs)

Sundry Debtors include dues from Associate concerns:	2016-17 Amount	2015-16 Amount
- SAL College of Engineering (A Division of Adarsh Foundation)	0	8.72
- SAL Institute of Pharmacy (A Division of Adarsh Foundation)	0	2.06
- SAL Institute of Managment (A Division of Adarsh Foundation)	0	2.06
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	1.56	0
- SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation)	0	11.66

Amount (₹ in Lacs)

Note 18 : CASH AND BANK BALANCES	As At March 31, 2017	As At March 31, 2016
Cash & Cash Equivalents		
a) Balance with Banks :		
- In Current accounts	190.77	285.22
b) Cash on hand	1.79	9.78
c) Other bank balances:		
- In Margin Money *	0	10.41
Total	192.56	305.41

* Margin Money deposits with a carrying amount of ₹ NIL (P.Y.: ₹ 10.41 Lacs) are given as margin against bank guarantee

Amount (₹ in Lacs)

Note 19 : SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Advances to suppliers	352.81	527.98
Balances with government authorities	461.16	745.02
Prepaid expenses	9.19	29.08
Other Loans and Advance*	151.43	158.77
Total	974.60	1,460.85

* Includes Loan & advances given to Employees

Amount (₹ in Lacs)

Note 20 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As At March 31, 2017	As At March 31, 2016
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	29,763.23	27,834.95
- Bank / Financial Institution	75,499.32	51,497.82
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	20,750.00	20,750.00
- Bank guarantee given	7.49	10.41
(c) Other money for which the company is contingently liable		
- Disputed Income Tax /VAT/ Excise / Service tax Demand	3,568.31	2,702.89

Amount (₹ in Lacs)

Note 21 : REVENUE FROM OPERATIONS	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
I. Sale of Products		
Manufactured Goods		
- Domestic	34,794.17	28,924.20
	34,794.17	28,924.20
II. Sale of service		
- Job work Income	3.04	0
- Manpower Services	100.00	300.00
	103.04	300.00
Total	34,897.21	29,224.20

Amount (₹ in Lacs)

Note 22.1 : Particulars of Sale of Products	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Sales of Iron & Steel		
- Bars, Beams, Flat	385.92	909.27
- Plate & Coil	30 087.43	13 788.93
- Slab, Billets,etc	4 320.82	14 226.00
Total	34 794.17	28 924.20

Amount (₹ in Lacs)

Note 22 : OTHER INCOME	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Interest Income	39.58	21.35
Profit on sale of Assets	1.16	0.00
Foreign Exchange Fluctuation Gain (Net)	49.41	105.84
Other Non operating income		
Sundry Balances Written back (Net)	0	9.25
Total	90.15	136.44

Amount (₹ in Lacs)

Note 23 : COST OF MATERIALS CONSUMED	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Opening Stock	443.86	459.68
Purchases	21,294.44	19,250.02
	21,738.30	19,709.70
Less : Closing Stock	474.06	443.86
Total	21,264.24	19,265.84

Amount (₹ in Lacs)

Note 24 : CHANGES IN THE INVENTORIES OF FINISHED GOODS & WORK IN PROGRESS	For the Year ended on 31 st March, 2017	For the Year ended on 31 st March, 2016
A) Opening Stocks		
- Finished Goods	3,295.09	3,474.12
- Work in process	834.44	438.53
Sub-Total (A)	4,129.53	3,912.65
B) Less: Closing Stocks		
- Finished Goods	5,498.98	3,295.09
- Work in process	2,202.63	834.44
Sub-Total (B)	7,701.61	4,129.53
Total (A)-(B)	(3,572.08)	(216.88)

Amount (₹ in Lacs)

Note 25 : EMPLOYEE BENEFITS EXPENSES	For the Year ended on 31 st March, 2017	For the Year ended on 31 st March, 2016
Salaries & Wages	1,143.88	1,155.86
Contribution to Provident & Other Funds	36.73	39.18
Staff Welfare Expenses	29.91	15.09
Total	1,210.52	1,210.13

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under:

Amount (₹ in Lacs)

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	36.40	38.85
Contribution for Key Managerial Person	0.33	0.33
	36.73	39.18

Defined Benefit Plan

The Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" which is mandatory from accounting periods starting from Dec 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

I. Reconciliation of opening and closing balance of Defined Benefit Obligation

Amount (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Opening defined benefit obligation	153.07	156.15
Excess / Short provision	0	0
Service cost	17.24	18.91
Interest cost	10.67	11.17
Actuarial (Gain) / Loss	(7.15)	(26.16)
Benefits paid	(2.78)	(7.00)
Closing defined benefit obligation	171.05	153.07

II. Reconciliation of opening and closing balance of fair value of plan assets

Amount (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Opening fair value of plan assets	Not applicable	Not applicable
Expected return	as Gratuity	as Gratuity
Actuarial Gain / (Loss)	Liability is	Liability is
Employer contribution	unfunded	unfunded
Benefits paid		
Closing fair value of plan assets		

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Fair value of plan assets	Not applicable	Not applicable
Present value of obligation	as Gratuity	as Gratuity
Amount recognised in balance sheet	Liability is unfunded	Liability is unfunded

IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '25') Amount (₹ in Lacs)

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Service cost	17.24	18.91
Interest cost	10.67	11.17
Expected return on plan assets	0	0
Actuarial (Gain) / Loss	(7.15)	(26.16)
Prior year Charge	0	0
Net cost included in 'Employee Benefit Expense'	20.76	3.92

V. Investment Details

Particulars	% invested	
	2016-17	2015-16
Public sector securities	Not applicable	Not applicable
Special deposit schemes	as Gratuity	as Gratuity
State Govt. securities	Liability is not funded	Liability is not funded
FDR with banks		
Balance with banks		
Total		

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2016-17	2015-16
Discount rate (per annum)	7.15%	7.90%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	7.00%	7.00%

VII. Amount for the current and previous four year are as follows:-

Amount (₹ in Lacs)

Gratuity (Unfunded)	31.03.2017 Amount	31.03.2016 Amount	31.03.2015 Amount	31.03.2014 Amount	31.03.2013 Amount
Defined Benefit obligation	171.06	153.07	156.15	143.98	176.03
Plan asset	0	0	0	0	0
Surplus/(deficit)	(171.06)	(153.07)	(156.15)	(143.98)	(176.03)
Experience adjustment on plan liability	(14.26)	(27.67)	(23.87)	(8.76)	(27.10)
Actuarial Loss/(Gain) due to change in assumptions	7.11	1.51	17.52	(13.51)	0
Experience adjustment on plan assets	0	0	0	0	0

VIII. Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2016-17 to the defined contribution plan. However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Amount (₹ in Lacs)

Note 26 : FINANCE COSTS	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
(a) Term loans		
- From Banks	411.67	836.67
- From Financial institution	56.24	56.40
(b) Working capital facilities	63.93	516.19
(c) Debentures	890.00	892.44
(d) Others	11.51	11.86
Total	1,433.35	2,313.56

Amount (₹ in Lacs)

Note 27 : OTHER EXPENSES	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Consumption of stores & spare parts	3,564.21	2,065.03
Power & fuel	6,057.68	4,256.55
Factory Labour expense	576.73	383.11
Provision for Excise Duty on finished goods	263.12	(24.68)
Factory Expenses	72.37	82.07
<u>Repairs and maintenance :</u>		
- to Factory Building	6.60	7.67
- to Plant & Machinery	86.16	27.77
- to Others	19.73	19.57
	112.49	55.01
Donation	0.24	0.15
Selling costs	48.24	59.55
Packing Cost	0.54	1.51
Freight outward expenses	124.19	373.52
Travelling & conveyance	25.60	40.30
Legal, Consultancy and Professional Fees	88.61	45.32
Miscellaneous expenses	103.52	47.00
Advertisement, Stationery and Communication	26.83	22.07
Payment to Auditors #	11.91	10.47
Rent	11.70	11.40
Rates and Taxes	30.90	16.25
Insurance	3.06	12.72
Bank Charges	8.30	15.60
Provision for Bad debt	18.73	63.62
Sundry Balances Written off (Net)	11.25	0
Sales Tax expenses	1,208.53	108.98
Total	12,368.75	7,645.55

Amount (₹ in Lacs)

# Payment to Auditors :	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
As Auditor		
- Statutory Audit	7.50	7.50
For Company Law Matter	2.00	0
For other services	1.62	2.10
For Reimbursement of Expenses	0.79	0.87
Total	11.91	10.47

Amount (₹ in Lacs)

Note 28 : EARNINGS PER SHARE	Unit	For the Year ended on 31st March, 2017	For the Year ended on 31st March, 2016
Net (Loss) for the year attributable to Equity Shareholders before extraordinary item.	₹ in Lacs	(4,521.71)	(12,617.91)
Net profit for the year attributable to Equity Shareholders after extraordinary item.	₹ in Lacs	3,575.96	12,093.94
Weighted Average Number of Equity Shares outstanding	Nos.	1,97,97,540	1,97,97,540
Basic & Diluted earnings per share before extraordinary item (face value of ₹ 10 each)	₹	(22.84)	(63.73)
Basic & Diluted earnings per share after extraordinary item (face value of ₹ 10 each)	₹	18.06	61.09

Note 29 : INFORMATION REGARDING STOCK

a) Capacity (As Certified by Management)

Class of products	Annual Licensed capacity (MT)		Annual Installed Capacity (Casting) (MT)	
	2016-17	2015-16	2016-17	2015-16
S.S.Flats, Bars & Castings, Hot Rolled M.S./S.S/A.S Plates, H.R./C.R.Coil	N.A	N.A	300000	300000

b) Production:

Class of products	2016-17 Qty. (MT)	2015-16 Qty. (MT)
1. Finished Goods		
(a) Bars, Beams, Flats	61.172	3,481.908
(b) Plate & Coil	90,582.681	38,145.977
2. Semi-Finished Goods		
Slab, Billets, etc	20,532.309	50,126.903
TOTAL	1,11,176.162	91,754.788

c) Turnover

Class of Goods	2016-17		2015-16	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
1. Finished Goods				
(a) Bars, Beams, Flats	1,241.815	385.92	2,433.975	909.27
(b) Plate & Coil	83,064.754	30,087.43	39,173.284	13,788.93
2. Semi-Finished Goods				
Slab, Billets etc	15,390.585	4,320.82	48,878.465	14,226.00
TOTAL	99,697.154	34,794.17	90,485.724	28,924.20

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2016		As at 01-04-2015		As at 31-03-2017		As at 31-03-2016	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
1. Finished Goods								
(a) Bars, Beams, Flats	1,199.842	321.73	151.909	59.74	19.199	4.93	1,199.842	321.73
(b) Plate & Coil	7,957.463	2,628.10	8,984.770	3,044.43	15,475.390	4,885.66	7,957.463	2,628.10
(c) Excise Duty on Finished Goods		345.27		369.95		608.39		345.27
2. Semi-Finished Goods								
Slab, Billets etc	2,739.794	834.43	1,491.356	438.53	7,881.518	2,202.63	2,739.794	834.43
TOTAL	11,897.099	4,129.53	10,628.035	3,912.65	23,376.107	7,701.61	11,897.099	4,129.53

e) Consumption of Raw materials:

Particulars	2016-17		2015-16	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹ in Lacs)
Scrap	1,31,747.587	20,200.42	84,211.890	12,990.69
M.S.Slab	0	0	19,862.703	4,850.37
Others	1,886.306	1,063.82	2,808.979	1,424.78
TOTAL	1,33,633.893	21264.24	1,06,883.572	19265.84

f) Value of imports calculated on C.I.F. basis during the financial year in respect of: (Amount ₹ in Lacs)

Particulars	2016-17	2015-16
Raw Materials	4747.58	6410.34
Stores & Spares	30.30	11.69

g) Expenditure in foreign currency during the financial year (Amount ₹ in Lacs)

Particulars	2016-17	2015-16
Travelling Expenses	0	0

h) Value of Raw Materials, Stores, Chemical & Spares consumed during the year:

Particulars	2016-17		2015-16	
	Amount (₹ in Lacs)	% of consumption	Amount (₹ in Lacs)	% of consumption
Raw Material-Manufacturing Activity				
Imported	5,794.24	27.25%	7,228.75	37.52%
Indigenous	15,470.00	72.75%	12,037.09	62.48%
Total	21,264.24	100.00%	19,265.84	100.00%
Stores & Spare parts				
Imported	34.44	0.97%	13.53	0.66%
Indigenous	3,529.77	99.03%	2,051.51	99.34%
Total	3,564.21	100.00%	2,065.03	100.00%

i) Earning in Foreign Exchange: (Amount ₹ in Lacs)

Particulars	2016-17	2015-16
FOB Value of exports	0	0

Note 30 : RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

i) Concern where significant interest exists.

Sr. no	Name of the Concern	Nature of Relationship
1	SAL Steel Limited	Associate
2	SAL Corporation Pvt. Ltd	Enterprise with significant influence
3	SAL Care Pvt. Ltd	Enterprise with significant influence
4	SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	Enterprise with significant influence
5	SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	Enterprise with significant influence
6	SAL Institute of Technical & Engineering Research (A Division of Adarsh Foundation)	Enterprise with significant influence
7	SAL Institute of Pharmacy (A Division of Adarsh Foundation)	Enterprise with significant influence
8	SAL Institute of Management (A Division of Adarsh Foundation)	Enterprise with significant influence
9	SAL College of Engineering (A Division of Adarsh Foundation)	Enterprise with significant influence
10	Kesar SAL Hospital (A Division of Adarsh Foundation)	Enterprise with significant influence

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director
4	Mr. Yashpal Mehta	Vice President & Chief Financial Officer (CFO)
5	Mr. Vinod Shah	Company Secretary

iii) Disclosure of Related Party Transactions

(Amount ₹ in Lacs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2016-17	2015-16	2016-17	2015-16
1	Purchase of goods & Services	13,065.22	5,750.69		
2	Purchase of Power	3,986.41	2,868.71		
3	Sales of Goods	209.03	105.13		
4	Manpower Charges Recovered	100.00	300.00		
5	Rent paid	9.60	9.60		
6	Interest paid	18.87	0.00		
7	Loan Availed	475.00	942.00		
8	Loan Repaid	451.00	1,885.00		
9	Intercorporate Loan Recoved	0	603.78		
10	Remuneration			47.28	49.68

iv) Disclosures of material transactions with related parties during the year:

Amount ₹ in Lacs

Sr.No.	Description	Related Parties	2016-17	2015-16	Balance outstanding as at	
					31/03/2017	31/03/2016
1	Purchase of Goods & Services	SAL Steel Ltd.	13,065.07	5,750.69	4,883.71	3,210.29
		SAL Pharmacy	0.16	0	8.68	8.52
		SAL Hospital & Medical Institute	0	0	27.15	27.15
2	Purchase of power	SAL Steel Ltd.	3,986.41	2,868.71	0	0
3	Sales of goods	SAL Steel Ltd.	207.47	105.13	0	0
		SAL Hospital & Medical Institute	1.56	0.00	1.56	0
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	47.60	142.80	0	11.66
		SAL Institute of Pharmacy	8.40	25.20	0	2.06
		SAL Institute of Management	8.40	25.20	0	2.06
		SAL College of Engineering	35.60	106.80	0	8.72
5	Rent paid	SAL Steel Ltd.	9.60	9.60	0.00	0
6	Interest Paid	SAL Hospital & Medical Institute	5.83	0	5.25	0
		SAL Care Pvt Ltd.	12.56	0	11.30	0
		SAL Corporation Pvt. Ltd.	0.48	0	0.43	0
7	Remuneration to Key Management Personnel	Mr. K S Kamath	12.92	12.92	0	0
		Mr. Ashok Sharma	12.00	12.00	0	0
		Mr. Yashpal Mehta	9.76	9.76	0	0
		Mr. Vinod Shah	12.60	15.00	0	0
8	Loan Availed	SAL Care Pvt Ltd.	0.00	810.00	0	0
		SAL Corporation Pvt. Ltd.	0.00	26.00	0	26.00
		SAL Hospital & Medical Institute	475.00	106.00	50.00	0.00
		Mr. Rajendra V Shah	0	0	367.73	367.73
9	Loan Repaid	SAL Care Pvt Ltd.	0	1,562.00	0	0
		SAL Corporation Pvt. Ltd.	26.00	0	0	0
		Mr. Rajendra V Shah	0	217.00	0	0
		SAL Hospital & Medical Institute	425.00	106.00	0	0

31. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.
32. Corporate Debt Restructuring (CDR) Cell through their lead bank, Union Bank of India had sanctioned a comprehensive debt restructuring scheme vide their letter No. BY.CDR (ABP) No. 1084 dated 22.1.2008. As per scheme company was supposed to make monthly payment of interest & installment by 01st October 2009. Looking to prevailing condition and reciprocal obligation not fulfilled by the CDR lenders & consequential losses incurred by the company in the year 2008, company had again approached CDR Cell for extension of moratorium period and CDR Cell had approved the rework proposal of the company vide their letter dated BY.CDR (ABP) NO.380/2009-10 dated 03-07-2009. The principal terms of the 2nd CDR Scheme and its compliances are as under:
- (a) Deferring repayment of Term loan ₹ 15,605.13 lacs Working capital term loan ₹ 17,782.65 and Non Convertible Debentures ₹ 10,000.00 lacs for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.
- (b) Interest for the moratorium period i.e. up to May 2011 shall be converted into Funded interest term loan (FITL) carrying interest rate of 6% p.a. repayable in 20 equal quarterly installments commencing from December 2013 quarter. Interest on FITL shall be serviced as and when due.

Consequent upon the sanction of the restructuring package, the company had to start repaying the aforesaid loans sanctioned by banks/institutions and debenture holders from June 2011 onwards however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL, Non convertible Debentures and FITL are as under:

Particulars	Period to which the default relates	Default (Amount ₹ in lacs)	Period for which the default subsists
Term Loan	2011-12	921.08	1825-2101 days
	2012-13	1,111.92	1460-1736 days
	2013-14	1,111.92	1095-1370 days
	2014-15	1,111.92	730-1005 days
	2015-16	1,111.92	365-640 days
	2016-17	1,111.92	1-270 days
Working Capital Term Loan	2011-12	166.14	1825-2101 days
	2012-13	199.37	1460-1736 days
	2013-14	199.37	1095-1370 days
	2014-15	199.37	730-1005 days
	2015-16	199.37	365-640 days
	2016-17	199.37	1-270 days
Non Convertible Debenture	2011-12	1,041.67	1825-2101 days
	2012-13	1,250.00	1460-1736 days
	2013-14	1,250.00	1095-1370 days
	2014-15	1,250.00	730-1005 days
	2015-16	1,250.00	365-640 days
	2016-17	1,250.00	1-270 days
Funded Interest Term Loan (FITL)	2013-14	512.55	1095-1186 days
	2014-15	1,025.10	730-821 days
	2015-16	1,025.10	365-455 days
	2016-17	1,025.10	1-270 days

As per CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards, the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures(NCD) has to be serviced as and when due.

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD). The Amount and the period of default are as listed under:

(Amount ₹ in lacs)

Particulars	Period to which the default relates	Default	Period for which the default subsists
Interest on Term Loan	2011-12	606.08	1825-2162 days
	2012-13	881.41	1460-1797 days
	2013-14	771.67	1095-1431 days
	2014-15	304.27	730-1066 days
	2015-16	407.69	365-700 days
	2016-17	175.89	1-335 days
Interest on Working Capital Term Loan	2011-12	159.93	1825-2162 days
	2012-13	159.49	1460-1797 days
	2013-14	159.49	1095-1431 days
	2014-15	159.49	730-1066 days
	2015-16	86.25	365-700 days
	2016-17	44.92	1-91 days
Interest on Non Convertible Debenture	2011-12	818.90	1825-2162 days
	2012-13	980.00	1460-1797 days
	2013-14	980.00	1095-1431 days
	2014-15	890.00	730-1066 days
	2015-16	892.44	365-700 days
	2016-17	890.00	1-335 days

As per the terms of the CDR, Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of interest on FITL. The amount and the period of default are as mentioned below:

(Amount ₹ in lacs)

Particulars	Period to which the default relates	Default	Period for which the default subsists
Interest on Funded Interest Term Loan(FITL)	2010-11	293.82	2191-2435 days
	2011-12	393.22	1826-2070 days
	2012-13	444.82	1461-1704 days
	2013-14	364.05	1096-1339 days
	2014-15	308.89	730-1066 days
	2015-16	294.58	365-700 days
	2016-17	247.10	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

(Amount ₹ in lacs)

Particulars	Period to which the default relates	Default	Period for which the default subsists
Interest on working capital facilities	2010-11	598.98	2191-2465 days
	2011-12	689.03	1826-2100 days
	2012-13	687.15	1461-1734 days
	2013-14	759.51	1096-1369 days
	2014-15	621.15	730-1066 days
	2015-16	386.45	365-700 days
	2016-17	63.93	1-151 days

- c) Rate of interest on Term Loan, Non Convertible Debenture and WCTL will be 10% p.a. for the term lenders who are presently charging more than 10% p.a. payable monthly. Existing rates will continue for those lenders who are charging less than 10% p.a. payable monthly and FITL will carry interest at the rate of 6 % per annum.

As per the terms of the CDR, the company has brought in Promoters' contribution during the year 2009-10.

33. Secured Borrowings from the below mentioned banks have been transferred / assigned to financial institution together with all their rights, title and interest in the financial documents and any underline security interest/pledges and /or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank	31/12/2012	Asset Reconstruction Company (India) Ltd.
IDBI Bank	28/03/2014	Asset Reconstruction Company (India) Ltd.
Bank of Maharashtra	13/05/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.
Punjab National Bank	31/03/2016	Invent Assets Securitization & Reconstruction Pvt. Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with Asset Reconstruction Companies (ARC) and hence due to non availability of agreement with Asset Reconstruction Companies (ARC), the company has taken the CDR – 2 orders as base for classification of current / non-current liability and default of total borrowing.

- 34 The company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its order number 13/2010 dated 31st August, 2010 has declared that the company has become sick industrial company u/s 3(1)(o) of SICA. [Sick Industrial Companies (Special Provision) Act, 1985].
- 35 Balances of Secured Loan, Unsecured Loans, Bank balances, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.
- 36 Certain balance of Debtors, Loans and Advances and Creditors are non moving/ slow moving since long, however in view of the management the same is recoverable / payable and hence no provision for the same is made in the books of accounts.
- 37 The Company has long term investment in the shares of SAL Steel Limited amounting to ₹ 3,994.96 lacs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2017, the Company has accumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited also indicates that the Company has a net loss during the previous year(s) and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. Also there is no major movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there is decline, other than temporary, in the value of a long term investment. And as a result, we have accounted for investment in shares of SAL Steel Ltd at market rate (As at 31.03.2017) of shares @ ₹ 5.07 per share bringing the value of investment to ₹ 1,534.03 lacs and provided for ₹ 2,460.93 lacs as diminution other than temporary in the value of investment in books of accounts As at 31.03.2017. The balance amount of investment i.e. ₹ 1534.03 lacs has been written off against its share of losses from the associate making the value of investment to be zero as at March 31, 2017.
- 38 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the previous years and the Company's current liabilities exceed its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating with the ARC / lenders for one time settlement (OTS) and expecting the waiver of interest with the banks. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post OTS, Company will reduce the interest burden drastically and will be optimistic about vanishing of accumulated losses gradually.
- 39 Foreign currency exposure at the year end not hedged by derivative instruments:

Particulars	As At March 31, 2017	As At March 31, 2016
Advance payment to suppliers		
Rupees in lacs	117.52	293.23
US Dollar in lacs	1.81	4.42
FCCB Payable (Including Interest)		
Rupees in lacs	7,237.88	7,237.88
US Dollar in lacs	148.25	148.25

- 40 A. The holding company has entered into settlement agreement with effect from 16th March 2017 for the entire dues in respect of the various facilities and assistance provided respectively by Bank of Baroda, Oriental Bank of Commerce and Axis bank which is now assigned to Edelweiss Assets Reconstruction Company Limited. The holding Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Consolidated Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 5,000.00 lacs towards full and final settlement against the total liability

(Principal and Interest) of ₹ 19,326.35 lacs resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 14,326.35 lacs.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 14,326.35 lacs the waiver of liability of Principal portion of ₹ 6,888.29 lacs has been shown as a capital Reserves in the Consolidated Statement of Assets and Liabilities as at 31st March 2017 and waiver of interest liability for ₹ 7,438.06 lacs has been offered as an Income in the Consolidated Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2017.

- B. Since last many years the Holding company does not have internal accruals from the operations and as a result, management do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. Since the capital project is not anticipated to complete in future, we had provided for the impairment loss for the amount of Rs. 358.50 lacs to the statement of profit and loss during the previous year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects.
- C. During the prior year, the Associate Company had obtained technical valuation of their Capital work In Progress from the approved valuer and booked impairment loss of ₹ 31,70,24,474/- to the statement of Profit and Loss and shown as an extraordinary items.

41. Disclosure on Specified Bank Notes

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from Novemebr 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notification are as follows.

	SBNs	Other denomination notes (₹ in lacs)	Total (₹ in lacs)
Closing cash in hand as on 08/11/2016	0	10.43	10.43
(+) Permitted receipts	0	5.00	5.00
(-) Permitted Payments	0	14.64	14.64
(-) Amount deposited in Banks	0	0	0
Closing cash in hand as on 30/12/2016	0	0.79	0.79

42. The holding Company has restated its investment in SAL Steel limited as at 31st March 2017 taking base of Market price of Share of SAL Steel limited and hence, the holding Company has recorded Gains of ₹ 659.61 lacs for the year ended March 31, 2017 by way of reducing Provision for Diminution in value of the Investment. And the same has been shown as the extra ordinary item in the consolidated financials for the period ended March 31, 2017.
43. A. The Holding Company's accumulated share of losses in the Associate since the date of being an Associate till March 31, 2016 exceeds its investment value in Shares of SAL Steel limited (Associate). Hence, Holding Company's Share of accumulated losses in the Associate completely reduces the Investment value and hence, adjustment of share of loss can be made to the carrying value of investment to the extent of the balance of Investment only in FY: 2016-17. This is in accordance with Accounting Standard 23, "Accounting for Investment in Associates" which states that If Investors' share of losses in associate equals or exceeds the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.
- B. As at the year end , the Associate Company has accumulated losses and its net worth has been fully eroded. Their Financial results indicate that the Associate Company has a net loss during the previous year(s) and their current liabilities exceeded its current assets as at the current and previous year balance sheet dates. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Associate Company's ability to continue as a "going concern". However, the financial results of the Associate Company have been prepared on a going concern basis based on the fact that the Associate Company is actively negotiating for settlement. As a result, not only the Associate Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post settlement, the Associate Company will reduce interest burden drastically and will be optimistic about reducing of accumulated losses gradually.
44. Additional information pursuant to Schedule III to the Companies Act, 2013

Statement of Net assets and Profit or loss attributable to owners and minority interest.

Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
	% of Consolidated Net Assets	Amount ₹ in lacs	% of Consolidated Profit and Loss	Amount ₹ in lacs
Associate Concern				
SAL Steel Limited	9.79	(2820.45)	14.00	(245.44)

45. The Holding Company's share of losses in the Associate has been recognized in the books of accounts to the extent of the carrying amount of the value of Investment. This is in accordance with Accounting Standard 23, "Accounting for Investment in Associates" which states that If Investors' share of losses in associate equals or exceeds the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.
46. Associate Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in Iron & Steel Industry. Further the Company generates power in its power plant which is used for captive as well as trading purpose. In view of this, the associate company has to consider "Iron & Steel" and "Power" as Primary Reportable business segment, as per Accounting Standard -17, Segment Reporting. However, due to substantial competition, risk, on-going position of Company and largely in the interest of the Company as well as interest of the stake holders involved, therefore, management has not made disclosure of Primary Reportable segment as per Accounting Standard -17 "Segment Reporting".
47. Secured Borrowings from the below mentioned banks of the Associate Company have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (Financial Institution) together with all their rights, title and interest in the financial documents and any underlined security interest / pledged and / or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred / Assigned
State Bank of Hyderabad	01/07/2015
Union Bank of India	03/07/2015
State Bank of India	30/10/2015

The Associate Company has stopped making provision for interest on such borrowing from the date of transfer due to pending settlement with Invent Assets Securitization and Reconstruction Pvt Ltd and hence due to pending settlement, the company has taken last sanction letter as a base for classification of current / non-current liability and default of the said borrowings.

48. Apart from this impairment loss booked by Associate Company, the Company has paid the capital advances for the amount of ₹ 941.22 Lacs which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements. The machines are manufactured and ready for dispatch but company does not have further fund to pay balance amount and to lift the machines. However, the management is trying to recover such advances from the suppliers fully subject to provision of ₹ 169.32 Lacs made in the books of accounts.
49. The Associate Company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 had registered the reference filed by the company vide case no 109/2015.
50. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year.

Signatures to Notes 1-50

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For Talati & Talati

Chartered Accountants
FRNo: 110758W

Umesh Talati

Partner
M.No. 34834

Place : Ahmedabad
Date : May 27, 2017

**For and on behalf of the Board of Directors
Shah Alloys Limited**

Rajendra V. Shah	Chairman
K. S. Kamath	Jt. Managing Director
Ashok Sharma	Whole Time Director
Yashpal Mehta	V.P. & CFO
Vinod Kumar Shah	Company Secretary
Place : Santej	
Date : May 27, 2017	

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SHAH ALLOYS LIMITED

CIN: L27100GJ1990PLC014698

5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

ATTENDANCE SLIP

DP ID*	Folio
Client ID*	No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **27TH ANNUAL GENERAL MEETING** of the Company held on Saturday, 30th September, 2017 at 12:00 Noon at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060.

Signature of the Shareholder | Proxy

* Applicable for investors holding shares in electronic form.

SHAH ALLOYS LIMITED

CIN: L27100GJ1990PLC014698

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Form No. MGT- 11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Members : _____
Registered Address : _____
E-mail Address : _____
Folio No. | Client ID : _____
DP Id : _____

I/we, being the member(s) of _____ shares of SHAH ALLOYS Ltd, hereby appoint:

- 1) _____ of _____
having e-mail id _____ or failing him
- 2) _____ of _____
having e-mail id _____ or failing him
- 3) _____ of _____
having e-mail id _____ or failing him

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **27th ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 30th September, 2017 at 12:00 Noon at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO	Resolutions
1	Adoption of financial statements for the year ended on March 31, 2017
2	Reappointment of Shri K S Kamath as Director
3	Appointment of Statutory Auditor and fix their remuneration
4	Approval of Related Party transactions
5	Ratification of Remuneration of Cost Auditors

Signed this _____ day of _____ 2017

Signature of first proxy holder

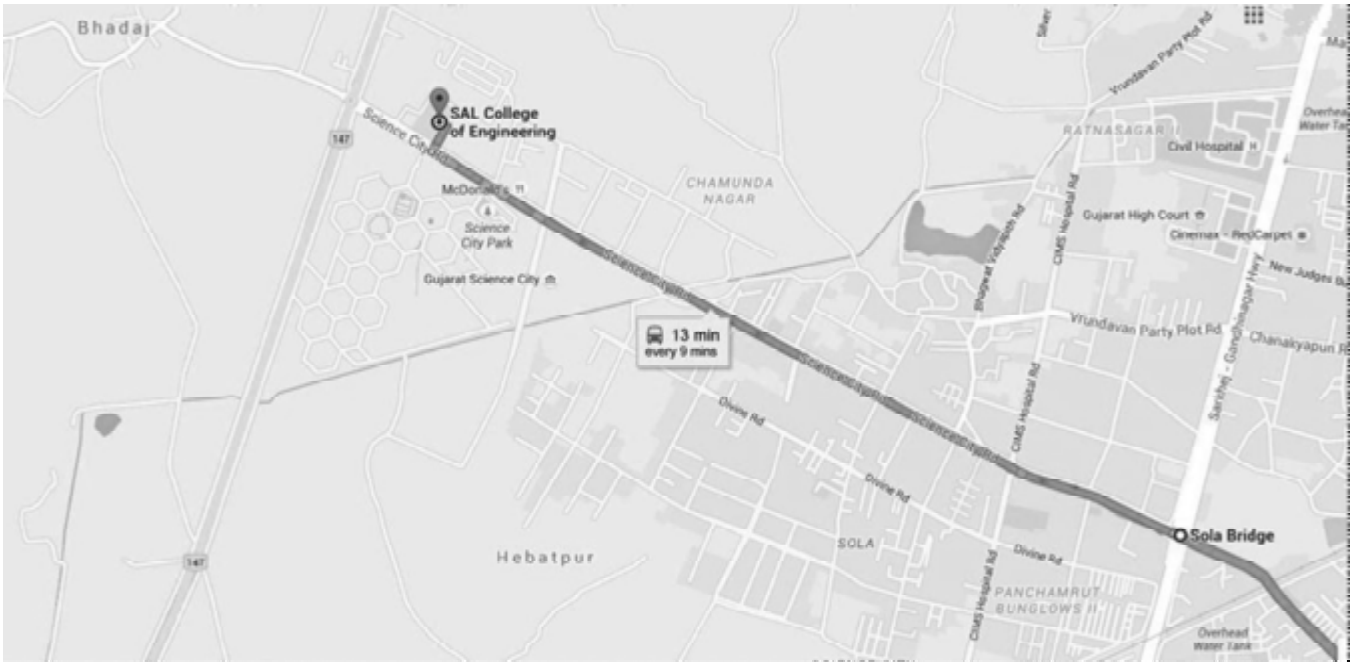
Signature of Second proxy holder

Signature of Third proxy holder

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

Route map to reach venue of the Annual General Meeting





SHAH ALLOYS LTD.

Corporate Office:

Shah Alloys Corporate House, Sola-Kalol Road, Santej,
Ta. Kalol, Dist. Gandhinagar - 382721. Gujarat, INDIA
Phone : +91 - 2764 - 661100 E-mail : info@shahalloys.com
Website : www.shahalloys.com
CIN:L27100GJ1990PLC014698