

SAL SHAH ALLOYS LTD.

Corp. Office : Shah Alloys Corporate House, Sola - Kalol Road, Santej, Ta. Kalol, Dist. Gandhinagar- 382721
Regd. Office : 5/1, Shreeji House, 5th Floor, Behind M.J.Library, Ashram Road, Ahmedabad- 6. India
Phone : 02764 - 661100 | E-mail : info@shahalloys.com

10.10.2017

Department of Corporate Service
Bombay Stock Exchange Ltd.
PhirozeJeejeebhoy Tower
Dalal Street,
Mumbai - 400 001

Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Plot No C/ 1, G-Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400051

BSE Scrip Code: 513436

NSE Symbol - SHAHALLOYS

Dear Sir,

Sub: Submission of Annual Report in pursuance to Regulation 34 (1) of SEBI (LODR) Regulations, 2015.

Pursuant to regulation 34(1) of the SEBI (LODR) Regulations, 2015, please find herewith Annual Report for the F.Y. 2016-17.

You are requested to take the same on record and acknowledge the receipt of the same.

Thanking you,
Yours faithfully,

for Shah Alloys Ltd

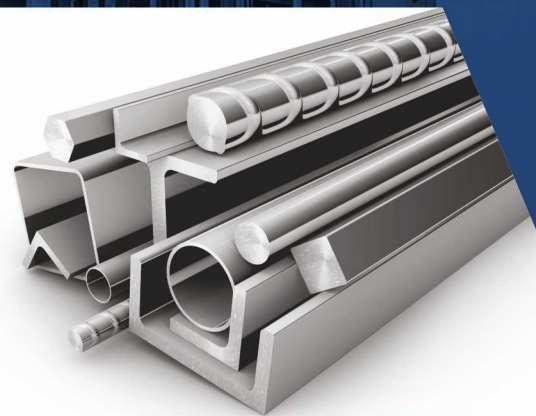


Company Secretary

Encl: a.a

CIN - L27100GJ1990PLC014698

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)
	- 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. 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 the year 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>	Nil	Nil
	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) CONSUMPTION 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 : Santej

Rajendra 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 Trading) 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) FIIs 0	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
Independent Directors	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 Memberships 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

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 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 ₹ 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 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 Independent 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 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	

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	Intercompany Loan Received	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			Balance outstanding as at	
			2016-17	2015-16	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	Intercompany Loan Received	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 November 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 Equip- ments	Vehicles	Office Equip- ments	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 :

- 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, 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	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
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	(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	Intercompany Loan Received	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			Balance outstanding as at	
			2016-17	2015-16	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

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 _____ 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:

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Ta. Kalol, Dist. Gandhinagar - 382721. Gujarat, INDIA
Phone : +91 - 2764 - 661100 E-mail : info@shahalloys.com
Website : www.shahalloys.com
CIN:L27100GJ1990PLC014698