



SAL STEEL LIMITED

Admn. 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

11.10.2018

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: 532604

NSE Symbol – SALSTEEL

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. 2017-18.

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

Thanking you,
Yours faithfully,

for S.A.L. Steel Ltd


Company Secretary
Encl: a.a

CIN-L 29199GJ2003PLC043148

Works : Village Bharapar, Tal. : Gandhidham, Dist. : Kutch-Bhuj.
Phone : 09925195017,18,19,20 • Website : www.salsteel.co.in



ANNUAL REPORT 2017-18



SAL STEEL LIMITED

15TH ANNUAL REPORT

CIN L29199GJ2003PLC043148

Board of Directors

Shri Rajendra V. Shah	<i>Non Executive Chairman</i>
Shri Sujal Shah	<i>Whole Time Director</i>
Shri Babulal M. Singhal	<i>Whole Time Director</i>
Shri Anil Kumar Pandya	<i>Whole Time Director</i>
Shri Ambalal C. Patel	<i>Independent Director</i>
Shri Jethalal M. Shah	<i>Independent Director</i>
Shri Tejpal S Shah	<i>Independent Director</i>
Shri Harshad M Shah	<i>Independent Director</i>
Shri Shrikant Jhaveri	<i>Independent Director</i>
Smt. Shefaliben M. Patel	<i>Independent Director</i>

Chief Financial Officer

Shri Babulal M. Singhal

Company Secretary and Compliance Officer

Shri Nirajkumar Jain

Audit Committee

Shri Jethalal M. Shah, Chairman
Shri Ambalal C. Patel
Shri Harshad M. Shah
Shri Shrikant N. Jhaveri

Nomination and Remuneration Committee

Shri Jethalal M. Shah, Chairman
Shri Ambalal C. Patel
Shri Harshad M. Shah

Stakeholders' Relationship Committee

Shri Jethalal M. Shah, Chairman
Shri Ambalal C. Patel
Shri Harshad M. Shah

Registered Office

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

Administrative Office

S.A.L. Steel Limited
Corporate House,
Sola-Kalol Road, Village Santej,
Dist.-Gandhinagar-382 721

Plant

Survey No. 245, Village Bharapar,
Tal. Gandhidham, Dist.: Kutch, Gujarat

Statutory Auditors

M/s. Parikh & Majmudar, Chartered Accountants,
303, "B" Wing, GCP Business Center,
Opp. Memnagar Fire Station,
Nr. Vijay Cross Roads, 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

Karvy Computershare Pvt Ltd.
Karvy Selenium Tower B, Plot no. 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad 500 032
Phone: 91-040-67162222
Fax: 91-040-23001153
Toll Free no.: 1800-345-4001
E-mail: shyam.kumar@karvy.com
Website: www.karvycomputershare.com

Bankers to the Company

ICICI Bank Ltd.

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.

CONTENTS	PAGE
Notice	02
Directors' Report	11
Corporate Governance Report	26
Management Discussion & Analysis	33
Independent Auditors' Report	36
Balance Sheet	42
Statement of Profit & Loss	43
Cash Flow Statement	44
Notes forming part of Financial Statements	46

NOTICE

NOTICE is hereby given that 15th Annual General Meeting of the Members of **S.A.L. STEEL LIMITED** will be held on Saturday, 29th September 2018 at 10:00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380 060 to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018, 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 Anil Kumar Pandya (DIN 02453919), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification(s), following resolution as Special Resolution:
"RESOLVED THAT pursuant to the provisions of Regulation 23 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter as "SEBI(LODR)"], as amended from time to time, consent of the Members be and is hereby accorded for all material related party contracts or arrangements entered and to be entered into financial year 2018-19 between the Company and Shah Alloys Limited for sale of power and materials and purchase of material & services from Shah Alloys 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 Shah Alloys Limited entered into during the period 2017-18.

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."

4. 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, 2019 be paid the remuneration of ₹ 70,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit."

By order of the Board of Directors

Sd/-

Nirajkumar Jain

Company Secretary & Compliance Officer

Date: 30th May 2018

Place: Santej

Registered Office:

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

CIN: L29199GJ2003PLC043148

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her self and proxy need not be a member. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

2. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members as per the applicable Regulations relating to e-voting. The complete instruction on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on 29th September 2018.
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, 14th September 2018 to Monday, 1st October 2018 (both days inclusive).
9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the Statement will remain open and available for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
12. Members who have not registered their email IDs so far with their depository participants, are requested to register their email IDs for receiving all the Communications including Annual Report, Notices etc. in electronic mode.
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository.
14. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2018 is uploaded on the Company's website www.salsteel.co.in.
15. Electronic copy of the Annual Report for 2017-18 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 2017-18 is being sent in the permitted mode.

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

SECTION A: E-VOTING PROCESS:

1. To use <https://evoting.karvy.com> URL for e-voting:
2. Enter the login credentials i.e., user id and password mentioned. Your Folio No/DP ID Client ID will be your user ID.
3. After entering the details appropriately, click on LOGIN.
4. If you are holding shares in demat form and had logged on to www.evoting.karvy.com and voted on an earlier voting of any Company, then your existing password is to be used.
5. If you are a first time user, use below mentioned User ID and Password.

Once, you will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it.

Kindly note that it is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

6. You need to login again with the new credentials.
7. On successful login, the system will prompt you to select the EVENT i.e., S.A.L. Steel Ltd.
8. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR" / "AGAINST" as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option "ABSTAIN" in case you wish to abstain from voting.
9. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
10. On the voting page, you will see Resolution description and against the same the option 'YES/NO' for voting. Select the relevant option as desired YES or NO and click on submit.
11. Click on the Resolution File Link if you wish to view the Notice.
12. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
Please note that once you have cast your vote, you cannot modify or vote on poll at the time of Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.

SECTION B- COMMENCEMENT OF E-VOTING PERIOD AND OTHER INSTRUCTIONS

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 read with Regulation 44 of SEBI (LODR), Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 15th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Ltd.
2. The voting period begins on 26.09.2018 at 10:00 a.m. and ends on 28.09.2018 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 of (record date) of 22.09.2018 may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. 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.
4. 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.
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.co.in under help section or write an email to www.karvycomputershare.com OR write an e-mail to shyam.kumar@karvy.com
5. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
6. 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. 22.09.2018, may obtain the login ID and password by sending a request at www.karvycomputershare.com .
7. CS Kamlesh M Shah, Practicing Company Secretary (Membership No. ACS 8356, CP No: 2072) (Address: 801-A, 8th Floor, Mahalaya Complex, Opp. Hotel President, B/H. Fairdeal House, Swastik Cross Roads, Off. C. G. Road, Navrangpura, Ahmedabad: 380009) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
8. 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 and submit forth with to the Chairman of the Company.
9. The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.salsteel.co.in within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
10. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.

11. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail ksshah@yahoo.com.
12. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding Karvy e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Shri N Shyamkumar of Karvy Computershare Pvt. Ltd at 040- 44655000 or at 1800 345 4001 (toll free).

Note: For detailed instructions for e-voting, please visit website of Karvy Computershare Private Limited.

By order of the Board of Directors

Sd/-

Nirajkumar Jain

Company Secretary & Compliance Officer

Date: 30th May 2018

Place: Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006

CIN: L29199GJ2003PLC043148

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

Item No. 3:

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 2018-19:

For financial year 2018-19	
Name of the related party	Shah Alloys Limited
Relation with the Company	Promoter Company
Purpose of related party transaction	Sale of Power & Material
	Purchase of Material & Service
Amount Approx.	
(₹ in Cr.)	300.00
	100.00

As approved by the members in the Annual General Meeting held on 30.09.2017, to enter into related party transactions for the financial year 2017-18 for purchase of material & services to the extent of ₹ 10 Crores. However, Company executed transactions amounting to ₹ 60.00 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 was promoted by Shah Alloys Limited in 2003 and is having 35.61% equity holding in the Company. The Project is backward integration project since finished product of the Company is raw material for the Shah Alloys Limited. Further, Company has installed group captive power plant 40 MW. Excess power is wheeled to Shah Alloys Limited for its power requirement. On account of above, Shah Alloys is purchasing finished product of Company and also power generated by group captive power plant. Company purchases various materials from Shah Alloys Limited for maintenance of its plant and other purposes. Transactions made with Shah Alloys Limited are at Arms' length basis. The information is given pursuant to the provisions of Regulation 23 of SEBI (LODR) Regulations 2015 since the value of transactions with SAL Steel Ltd. exceeds 10% of the total turnover of the Company.

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

Item No.4:

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, 2019 at the remuneration of ₹ 70,000/- 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. 4 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. The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

By order of the Board of Directors

Sd/-

Nirajkumar Jain

Company Secretary & Compliance Officer

Date: 30th May 2018

Place: Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006

CIN: L29199GJ2003PLC043148

**Details of the directors seeking re-appointment in the
15th Annual General Meeting of the Company
[Pursuant to regulation 36 (3) of the SEBI (LODR) Regulations, 2015]**

Name of Director	ANIL PANDYA
DIN	02453919
Date of Birth	02.05.1955
Date of Appointment	25.10.2008
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	40 years of vast experience & skills in handling HR & Administrative positions in various big organizations during the carrier.
Qualification	M.Sc., LL.B., PGDBM
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/	NIL

ADDENDUM TO THE NOTICE OF THE 15TH AGM OF S.A.L. STEEL LIMITED**Registered Office:**

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

CIN: L29199GJ2003PLC043148

Following is an additional item of agenda to the Notice convening 15th Annual General Meeting of the Company which will be taken up for discussion and voting after all the items of the agenda of the notice of AGM dated 30.05.2018 is considered. This item will also appear in the list of various resolutions to be passed through e-voting portal www.karvycomputershare.com

Pursuant to newly inserted Sub-Regulations 1A in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) (Amendment Regulations) which will be effective from 1st April, 2019, Notice is hereby given, proposing to continuing the directorship of non executive Directors who has attained the age of Seventy five years in the ensuing 15th Annual General Meeting of the Company, scheduled to be held on Saturday 29th September, 2018.

Your Directors recommend the following resolution for continuing the Non executive Directors as Independent Director for your approval in the Annual General Meeting, as part of Special Business, as set forth below:

5. TO CONTINUE DIRECTORSHIP OF SHRI JETHALAL M. SHAH (DIN 01412666), NON EXECUTIVE DIRECTOR AS AN INDEPENDENT DIRECTOR

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and pursuant to newly inserted sub regulations 1A in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) (Amendment Regulations) 2018 which will be effective from 1st April, 2019 including any statutory modification(s) or re-enactment thereof for the time being in force, approval of members of the Company be and is hereby accorded for continuation of the directorship of Shri Jethalal M Shah, (DIN: 01412666), as Independent Director who has attended the age of Seventy Five years."

6. TO CONTINUE DIRECTORSHIP OF SHRI SHRIKANT JHAVERI (DIN 02833725), NON EXECUTIVE DIRECTOR AS AN INDEPENDENT DIRECTOR

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and pursuant to newly inserted sub regulations 1A in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) (Amendment Regulations) 2018 which will be effective from 1st April, 2019 including any statutory modification(s) or re-enactment thereof for the time being in force, approval of members of the Company be and is hereby accorded for continuation of the directorship of Shri Shrikant Jhaveri, (DIN: 02833725), as Independent Director who has attended the age of Seventy Five years."

7. TO CONTINUE DIRECTORSHIP OF SHRI AMBALAL C. PATEL (DIN 00037870), NON EXECUTIVE DIRECTOR AS AN INDEPENDENT DIRECTOR

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and pursuant to newly inserted sub regulations 1A in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) (Amendment Regulations) 2018 which will be effective from 1st April, 2019 including any statutory modification(s) or re-enactment thereof for the time being in force, approval of members of the Company be and is hereby accorded for continuation of the directorship of Shri Ambalal C. Patel (DIN: 00037870) as Independent Director of the Company on attaining the age of seventy five years on 1st April, 2019."

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND THE RULES FRAMED THEREUNDER FOR THE ITEM NOS. 5 TO 7

The Members of the Company at the 11th Annual General Meeting (AGM) held on 24th September 2014 inter alia appointed Shri Jethalal M. Shah, Shri Shrikant Jhaveri and Shri Ambalal C. Patel as Independent Directors of the Company for a period of five consecutive years with effect from 24th September 2014.

Based on the Report of the Committee on Corporate Governance chaired by Shri Uday Kotak, the Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"). According to the new provisions, a person who has attained the age of seventy five years can continue directorship in a listed company as a non executive director only after the concerned listed company has taken the approval of its

shareholders by way of a special resolution. The said provision comes into effect from April 1, 2019.

Since Shri Jethalal M. Shah, Shri Shrikant Jhaveri and Shri Ambalal C. Patel, Independent Directors of the Company have attained seventy five years of age, their directorship can continue from April 1, 2019 only if the Company has obtained the approval of its Members by way of a special resolution on or before March 31, 2019.

Shri Shah has vast experience of more than 55 years. Shri Shah had been working with Sarabhai Group of Industries on senior management level. Shri Shah has good business understanding and experience; he has contributed a lot with his acumen and decision making.

Shri Jhaveri has done his M.S. in Electrical from USA. Shri Jhaveri has more than 40 years of experience. Shri Jhaveri had served various Government Organizations during his carrier at senior level positions. Presently, Shri Jhaveri is also holding various senior level positions in various Government committee and NGO's.

Mr. Ambalal C. Patel, is a B Sc and B E (Metallurgy). He has gained more than 36 years of experience in project evaluation, project finance and technical appraisal of various undertakings, while working with Gujarat Industrial & Investment Corporation Limited (GIIC). He had retired as a Deputy General Manager from GIIC in April 2004 and joined the Board of the Company in August 2004. His guidance and advice in the area of finance and company law matters is very helpful to the Company.

In the opinion of the Board of Directors of the Company, Shri J M Shah, Shri Shrikant Jhaveri and Shri A C Patel are person of high repute, integrity and have rich and varied experience and hence their directorship is recommended to be continued up to the expiry of their present term as Independent Directors i.e. upto conclusion of 16th Annual General Meeting to be held in calendar year 2019 by passing special resolutions as set out at Item Nos. 5 to 7 of this Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or interested in the resolution.

By order of the Board of Directors

Sd/-

Nirajkumar Jain

Company Secretary & Compliance Officer

Date: 13th August 2018

Place: Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006

CIN: L29199GJ2003PLC043148

ADDENDUM TO THE NOTICE OF THE 15TH AGM OF S.A.L. STEEL LIMITED

Name of Director	Shri Jethalal M Shah	Shri Shrikant Jhaveri	Shri Ambalal C. Patel
DIN	01412666	02833725	00037870
Age	86 years	75 years	74 years
Date of Appointment	05/08/2004	24/09/2011	05/08/2004
Relationship with other Directors Inter se	-	-	-
Qualification	B. Com.	M.S. (Electrical), USA	B.E (Metallurgy), B.Sc
No. of Equity Shares held in the Company	NIL	NIL	89000
List of other Companies in which Directorships are held	NIL	Jindal Worldwide Limited	1. Jindal Hotel Ltd. 2. Ajmera Realty & Infra India Ltd. 3. Nandan Denim Ltd. 4. Cil Nova Petrochemicals Ltd.; 5. Sumeru Industries Ltd.

DIRECTORS' REPORT

Dear Members,

Your Directors pleased to present the 15th Annual Report of your company on the operations and performance along with the Audited Financial Statements for the year ended on 31st March 2018.

FINANCIAL HIGHLIGHTS

Particulars	₹ In Lacs	
	March 31, 2018	March 31, 2017
Total Revenues	51136.81	39939.90
Total Expenditure	51119.05	39582.61
Profit before interest depreciation, extraordinary item and tax	792.75	1121.51
Depreciation and Interest	775.00	764.23
Profit / (Loss) before exceptional, extraordinary item and tax	17.75	357.28
Exceptional & Extraordinary item	6378.26	Nil
Profit / (Loss) before tax	6396.02	357.29
Tax Expense / Deferred tax	2156.95	269.60
Net Profit / (Loss) for the year	4239.07	87.68
Total Comprehensive income	15.96	4.91
Profit / (Loss) Brought forward from last year	-16060.74	-16148.43
Balance Carried forward	-11821.68	-16060.74

STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

During the year under review Total Revenue from operation has been increased from ₹ 39,939.90 lacs to ₹ 51,136.81 lacs as compared to previous year's turnover. Company has registered a net profit of ₹ 4,239.07 lacs in comparison of profit of ₹ 87.69 lacs during previous year.

During the year under review, one of the Operational Creditor of the Company had filed an application under Section 9 of Insolvency and Bankruptcy Code, 2016 against the Company before Hon'ble National Company Law Tribunal, Ahmedabad Bench for initiation of the Corporate Insolvency Resolution Process. Hon'ble NCLT Ahmedabad vide order dated 06.09.2017 admitted the application and appointed Insolvency Professional. Further on account of settlement with the creditors, company approached the Hon'ble Supreme Court of India for withdrawal of matter before Hon'ble NCLT pursuant of powers of the Court under Articles 142 of the Constitution. Hon'ble Supreme Court vide its order dated 10.01.2018 had allowed the petition and set aside the order dated 06.09.2017 passed by Hon'ble NCLT, Ahmedabad.

DIVIDEND

Due to high accumulated loss, your Directors have not recommended dividend for the financial year 2017-18.

BUSINESS ACTIVITY

The company is engaged in manufacture of sponge iron, ferro alloys and power. Company is generating power on account of waste heat recovery system resulting economic price. Company is having its power plant of 40 MW. Power generated is used for captive consumption. There has been no change in the nature of business of the Company.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary / joint venture / associate. The Company is an Associate Company of M/s Shah Alloys Limited as it is holding more than 20% of the Equity Share Capital in the Company as a Promoter Company.

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 31.03.2018 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 2018-19 to above stock exchanges.

DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION

During the year under review there is no change in the Composition of the Board or KMPs.

MEETINGS OF THE BOARD

During the year under review, total five meetings were held. Due to initiation of Corporate Insolvency Resolution Process (CIRP) against the Company, meeting held on 09.09.2017 & 11.12.2017 were chaired by Insolvency Professionals wherein no Directors were present due to ceased of power of Board of directors pursuant to section 17 of Insolvency & Bankruptcy Code 2015. While Board members met three times for meetings held on 27.05.2017, 05.08.2017 & 10.02.2018 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 met with the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013 and under Regulation 16(1)(B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

BOARD DIVERSITY

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

BOARD EVALUATION

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

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY

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

CORPORATE GOVERNANCE REPORT

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2018, 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 - 1.

RISK MANAGEMENT POLICY

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

VIGIL MECHANISM POLICY

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

CORPORATE SOCIAL RESPONSIBILITY

Company has earned a profit in the year under review. However, the average net profits of the Company during immediately three preceding financial years is negative, provisions related to expenditure of atleast two percent of the average net profits in CSR activities is presently not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the financial year ended 31st March 2018, 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.salsteel.co.in

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

Information pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as Annexure- 2. Further, particulars of employees remuneration, as prescribed under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not attached with this report since there was no employee who was in receipt of excess remuneration as prescribed.

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

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis and as such did not attract provisions of Section 188 (1) of Companies Act, 2013. The Company has formulated policy on related party transactions. Particular of related party transactions in prescribed Form AOC-2 is attached at **Annexure-3**. Approvals from the Audit Committee are obtained even for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board. Details of related party transactions are given in the notes to financial statements.

IND AS

Your company has adopted IND AS w.e.f. 1st April 2017 pursuant to Notification of the Ministry of Corporate Affairs dated 16th February 2015 in place of Accounting Standards.

AUDITORS AND AUDIT REPORTS**a. 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, 2018. Board has further appointed M/s. Ashish Bhavsar & Associates, Cost Accountants as Cost Auditors for the year ending 31st March 2019 subject to approval of remuneration in the forthcoming Annual General Meeting.

b. 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.

c. 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 2018-19. The report submitted by the Secretarial Auditor in Form MR-3 for the financial year ended as on 31st March, 2018 is attached to this report as **Annexure - 4**. Remarks of secretarial auditor are self-explanatory.

d. Statutory Auditors

Directors submit their explanations for the Qualifications, reservations or adverse remarks contain in the Auditor's Report for the year under review. Para nos. of Auditors' Report and reply are as under:

Basis for Qualified Opinion - Para 1

Company has paid the capital advances in earlier years for total amounting ₹ 9,12,32,064/-which are currently shown under long term loans and advances to the suppliers for the supply of customized equipments. The machines are manufactured and ready for dispatch but lenders had stopped funding and Company does not have enough accruals to lift the machines.

Annexure A to the Independent Auditors' Report - Para vii a

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

MATERIAL CHANGES / INFORMATION:

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

EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in Form MGT-9 in compliance with Section 92 of the Companies Act 2013 read with applicable rules made thereunder is annexed to this report at **Annexure - 5**.

APPRECIATION

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

For and on behalf of the Board

Date: 30th May 2018
Place: Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 1

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, 2018)

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		2017-18	2016-17
	1	ELECTRICITY		
	(a)	Purchased		
		Unit (Kwh)	2118956	1470240
		Total Amount (Rs.)	43934917	41818746
		Rate / Unit (Rs)	20.73	28.44
	(b)	Own Generation		
	(i)	<i>Through Diesel Generator Unit (Kwh)</i>		
		Unit Per Ltr of Diesel Oil	Nil	Nil
		Cost / Unit (Rs)	Nil	Nil
	(ii)	<i>Through Steam Turbine / Generator Unit (Kwh)</i>	139680000	13559400
		Unit Per Kg of Lignite		0
		Cost Lignite / Unit (Rs)	1.2476	0.600
		Cost Coal / Unit (Rs)	0.4300	1.075
		Cost Coal & Lignite / Unit (Rs)	1.6776	1.675
	2	COAL (Including Coal Fines)		
		Quantity (MT)	17322	65123
		Total Cost (Rs)	60403081	145761923
		Average Rate (Rs)	3487	2238
	3	FURNACE OIL		
		(used in the generation of power)		
		Quantity (K Ltr)	Nil	Nil
		Total Cost (Rs)	Nil	Nil
		Average Rate (Rs)	Nil	Nil
	4	OTHERS – LIGNITE		
		(used in the generation of steam)		
		Quantity (K Tonns)	93011	36625
		Total Cost (Rs)	174260695	83729170
		Average Rate (Rs)	1874	2286
(II)	CONSUMTION PER M.T. OF PRODUCTION			
	Particulars of Product			
	Electricity (in Unit)		Nil	Nil
	Furnace Oil		Nil	Nil
	Coal (Specify quantity)		Nil	Nil
	Others		Nil	Nil

B. TECHNOLOGY ABSORPTION
(I) Research and Development (R & D)

Particulars	2017-18	2016-17
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		
3. Future plan of action:	Nil	Nil
a. Capital		
b. Recurring	Nil	Nil
c. Total	Nil	Nil
d. Total R&D expenditure as a percentage of total turnover	Nil	Nil

(II) Technology absorption, adaptation:

Particulars	2017-18	2016-17
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:		
a. Technology imported	Nil	Nil
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 lacs)

Particulars	2017-18	2016-17
1) EARNINGS & OUTGO		
a. Foreign Exchange earnings	6061.54	1859.90
b. Foreign Exchange outgo	15402.36	9072.14
2) TOTAL FOREIGN EXCHANGE USED AND EARNED		
As per notes on account		

For and on behalf of the Board

 Date: 30th May 2018
 Place: Santej

Rajendra V. Shah
 Chairman
 (DIN: 00020904)

ANNEXURE 2

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

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 / KMP	Designation	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the FY 2017-18	* % increase / (decrease) in remuneration in the FY 2017-18
a)	Shri Sujal Shah	Whole Time Director	3:1	-
b)	Shri Babulal Singhal	Whole Time Director cum CFO	3:1	-
c)	Shri Anil Pandya	Director	3:1	-
d)	Shri Nirajkumar Jain	Company Secretary	2:1	-
II.	The percentage increase in the median remuneration of employees in the financial year:			5.15
III.	The number of permanent employees on the rolls of company:			410
IV.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out of there are any exceptional circumstances for increase in the managerial remuneration;			During the year under review, the average annual increase was negligible.
V.	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.

ANNEXURE 3

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Name (s) of the related party	Nature of transaction	Duration of the transaction	Salient terms of the transaction	Justification for transactions'	Date of approval by the Board	Amount paid as advances	Date of special resolution
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2 Details of material contracts or arrangement or transactions at arm's length basis

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
	Shah Alloys Limited	Promoter company	Sale of Power	April 2017-March 2018	39,32,73,500	Since these RPTs are in the ordinary course of business and are at arms' length basis, approval of the Board is not required. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
			Sale of material		171,68,89,797		
			Purchase of material & services		51,76,32,021		

ANNEXURE 4

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, 2018

To,
The Members,

S.A.L. STEEL LIMITED (CIN: L29199GJ2003PLC043148)

I/we have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices followed by S A L STEEL LIMITED (Hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and on that basis; we are expressing our opinion thereon.

Based on my/our verification of the records of S A L STEEL 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/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 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/We have examined the books, papers, minute books, forms and returns filed and record maintained by S A L STEEL LIMITED (CIN: L29199GJ2003PLC043148) for the financial year ended on 31.03.2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (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: (NOT APPLICABLE FOR THE YEAR UNDER REVIEW)
- (v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011; (COMPLIED WITH ANNUAL DISCLOSURE OF SHAREHOLDING AS PER REGULATION NO. 30 OF THE REGULATIONS)
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (NO ESOS OR ESOPS WERE ISSUED DURING THE YEAR UNDER REVIEW)
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (NOT APPLICABLE FOR THE YEAR UNDER REVIEW)
 - f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; NOT APPLICABLE FOR THE YEAR
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (NOT APPLICABLE FOR THE YEAR UNDER REVIEW)
- (vi) As stated in the Annexure - A - all the laws, rules, regulations are applicable specifically to the company.
- (vii) No Other Observations regarding other major corporate events occurred during the year and various compliances made by the Company with applicable Laws, Rules, Regulations, Listing Agreements etc.

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India and applicable w.e.f 1st day of July 2015 are adopted by the Company by passing requisite Board Resolutions and are complied with.
- (ii) The Listing Agreements entered into by the Company with BSE Limited.

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

I/We 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.

There were no changes in the composition of the Board of Directors during the year.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/We 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/We further report that during the audit period the company has not made any

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

Place: Ahmedabad
Date: 30th May 2018

For Kamlesh M. Shah & Co.,
Practicing Company Secretaries

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

ANNEXURE-A

Securities Laws

1. All Price Sensitive Information was informed to the stock exchanges from time to time
2. All investors complain directly received by the RTA& Company is recorded on the same date of receipts and all are resolved within reasonable time.

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. Provisions with relate to compliances of PF / Gratuity Act are applicable to Company.
4. The Company is regular in filing return of PF dues.
5. The Company is making payment of Gratuity to their Employees regularly when they become due and payable except dues which are under dispute.
6. The Company has framed a policy on prevention of Sexual Harassment of Women Employee at work place and also all preventive measure has been taken by the Company. Since women employed by Company are less than 10 in number, Company had not formed any committee. However, as per provisions any aggrieved women can approach "Local Complaints Committee" formed at every District level pursuant to section 6 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Environmental Laws

1. As the company is not discharging the contaminated water at the public drains / rivers.
2. The company has been disposing the hazardous waste as per applicable rules.

Taxation Laws

1. The company follows provisions of the taxation and Income Tax Act, 1961 and filing the returns with Income tax department and all other necessary departments, however, in few instances company has filed the returns with the authorities with delay payment charges / interest.
2. The company normally making payment of TDS, GST and other statutory payment with appropriate Authorities well in time except few instances with delay payment charges / interest.

Place: Ahmedabad
Date: 30th May 2018

For Kamlesh M. Shah & Co.,
Practicing Company Secretaries

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

ANNEXURE 5

Form No. MGT-9 Extract of Annual Return as on 31/03/2018

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

1. REGISTRATION AND OTHER DETAILS:

SR. NO.	PARTICULARS	DETAILS
1	CIN	L29199GJ2003PLC043148
2	Registration date	06/11/2003
3	Name of the company	S A L STEEL 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	KARVY COMPUTERSHARE PVT LTD. Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Phone: 91-040-67162222, Fax: 91-040-23001153 Toll Free no.: 1800-345-4001 E-mail: varghese1@karvy.com Website: www.karvycomputershare.com

2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL. No.	Name and descriptions of main products/ services	NIC Code of the product/ Service	% to Total turnover of the company
1	Sponge Iron & Ferro Chrome	271	72.05

3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO.	Name and address of the Company	CIN/GLN	CONCERN	% of shares held by Company	Applicable Section
		NA			

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				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) a) Indian/Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt. (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	42959889	NIL	42959889	50.56	42959889	NIL	42959889	50.56	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-	42959889	NIL	42959889	50.56	42959889	NIL	42959889	50.56	NIL
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	42959889	NIL	42959889	50.56	42959889	NIL	42959889	50.56	NIL
Total shareholding of Promoter									
(A) = (A) (1)+(A) (2)									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	5000	NIL	5000	0.00	5000	NIL	5000	0.00	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B) (1):	5000	NIL	5000	0.01	5000	NIL	5000	0.01	NIL
2. Non-Institutions									
a) Bodies Corp.	10576446	NIL	10576446	12.45	11852396	NIL	11852396	13.95	1.50
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	23123035	103310	23226345	27.34	21341122	85310	21426432	25.22	(2.12)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	7684642	125000	7809642	9.19	7978454	125000	8103454	9.54	0.35
c) Others (TRUSTS, NON RESIDENT , NBFC & CLEARING MEMBERS & NBFC)	389378	NIL	389378	0.46	619529	NIL	619529	0.73	0.27
Sub-total (B) (2):-	41773501	228310	4200211	49.44	41791501	210310	42001811	49.44	NIL
Total Public Shareholding (B)=(B) (1)+ (B) (2)	41778501	228310	42005211	49.44	41796501	210310	42006811	49.44	NIL
C. shares held by custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL (A+B+C)	84736790	228310	84966700	100.00	84756390	210310	84966700	100.00	NIL

ii) Shareholding of promoters

Name of promoter	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	
Shah alloys Ltd.	30256989	35.61	30256989	30256989	35.61	30256989	NIL
Sal Care Pvt. Ltd.	12702900	14.95	12702900	12702900	14.95	12702900	NIL
Total	42959889	50.56	42959889	42959889	50.56	50.56	NIL

iii) Change in Promoter's Shareholding

SHAH ALLOYS LTD		Shareholding at the beginning of the year		Cumulative shareholding during the year	
At the beginning of the year		30256989	35.61	30256989	35.61
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) :		No change	No change	No change	No change
At the end of the year		30256989	35.61	30256989	35.61

SAL CARE PVT LTD		Shareholding at the beginning of the year		Cumulative shareholding during the year	
At the beginning of the year		12702900	14.95	12702900	14.95
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) :		No change	No change	No change	No change
At the end of the year		12702900	14.95	12702900	14.95

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

SR. NO.	NAME OF THE 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	Satellite Mercantiles Pvt. Ltd.	3566638	4.20	3566638	4.20
2	Gujarat NRE Coke Ltd.	2737682	3.22	2737682	3.22
3	Gujarat NRE Mineral Resources Ltd.	1445633	1.70	1445633	1.70
4	Phillipcapital (India) Private Limited	-	-	408404	0.48
5	Ashvin V Shah	377000	0.44	377000	0.44
6	Manish Shah	-	-	360790	0.42
7	Shah JayeshkumarVijaykumar	304936	0.36	304936	0.36
8	JayeshVijaykumar Shah	278412	0.33	278412	0.33
9	Shah MonalJayeshkumar	261415	0.31	261415	0.31
10	Jainam Share Consultants Pvt. Ltd.	211380	0.25	273675	0.25
	Total	9183096	10.81	10014585	11.71

6. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shri Ambalal C Patel		Shareholding at the beginning of the year		Cumulative shareholding during the year	
At the beginning of the year		89000	0.10	89000	0.10
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) :		No Change	No Change	No Change	No Change
At the end of the year		89000	0.10	89000	0.10

7. INDEBTEDNESS

Indebtedness of the company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1720749023	105275726	-	1826024749
ii) Interest due but not paid	722226721	-	-	722226721
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2442975744	105275726	-	2548251470
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	697825744	103885123	-	801710867
Net Change		103885123	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	1745150000	1390603	-	1746540603
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1745150000	1390603	-	1746540603

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 Rs.
1.	Salary	Shri Sujal Shah	4,32,000
		Shri B.M Singhal (WTD & CFO)	4,92,000
		Shri Anil Pandya	4,80,000
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	As per Section (II) Part (II) of Schedule V.	

b. Remuneration to other directors:

Particulars of Remuneration	Name of Directors						
	Shri A.C. Patel	Shri Tejpal S. Shah	Shri Harshad M. Shah	Shri Jethalal M. Shah	Shri Shrikant N Jhaveri	Smt. Shefali M. Patel	Total Amount Rs.
Fee for attending board / committee meetings	30000	22500	45000	45000	45000	22500	210000
Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others, please specify							
Total	30000	22500	45000	45000	45000	22500	210000
Overall Ceiling as per the Act	Ceiling for sitting fee as per Section 197 (5) read with Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is Rs. 1,00,000/- per meeting of Board/Committee						

9. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO/CEO	Total
		Shri Nirajkumar Jain	Shri Babulal Singhal	
1	Gross salary	4,20,000	4,92,000	9,12,000
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission	N.A.	N.A.	N.A.
	- as % of profit	N.A.	N.A.	N.A.
	others, specify...	N.A.	N.A.	N.A.
5	Others, please specify	N.A.	N.A.	N.A.
	Total	4,20,000	4,92,000	9,12,000

10. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD / NCLT / Court]	Appeal made, if any (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, 2018, 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, 2018 and numbers of meetings held and attended during the year are as follows:

are as follows:

Name of Director	Category	Numbers of Board Meetings		No. of Directorships held (including SSL)	Committee Memberships held in other companies (including SSL)		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	5*	3**	1	1	Nil	No
EXECUTIVE DIRECTORS							
Shri Sujal Shah	Non Promoter Executive Director	5*	3**	Nil	Nil	Nil	No
Shri Babulal Singhal	Non Promoter Whole time Director	5*	3**	Nil	Nil	Nil	Yes
Shri Anil Pandya	Non Promoter Whole time Director	5*	3**	Nil	Nil	Nil	No
INDEPENDENT DIRECTORS							
Shri Ambalal C. Patel	Non – Executive & Independent	5*	2**	7	6	2	No
Shri Harshad M. Shah	Non-Executive & Independent	5*	3**	1	1	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	5*	3**	1	2	Nil	No
Shri Jethalal M. Shah	Non-Executive & Independent	5*	3**	Nil	Nil	Nil	No
Shri Shrikant N. Jhaveri	Non-Executive & Independent	5*	3**	1	Nil	Nil	No
Smt. Shefali M. Patel	Non-Executive & Independent	5*	3**	1	Nil	Nil	No

* During the year total five meetings were held wherein three meetings were conducted by Board of Directors and two were conducted by Insolvency Resolution Professional / Resolution Professional.

** As powers of Board of Directors were suspended due to commencement of Corporate Insolvency Resolution Process (CIRP), Members of Board of Directors has attended only three meetings.

*** Since powers of Board of Directors were suspended members of Board of Directors has not attended Annual General Meeting.

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independency of the Board and to separate the board functions of governance and management. The Board currently comprises of three Executive Directors and Seven Non-Executive Directors including the Chairman of the Board.

Independent Directors' Meeting

Independent Directors met on February 10, 2018 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 2018, Shri Ambalal C. Patel, Independent Director of the Company held 89,000 shares in the equity share capital of the Company. None of the other Non-Executive Directors hold any equity shares in the Company.

DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS

Pursuant to regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company should familiarise the independent directors through various programs about the Company. During the financial year, senior management team has from time to time made presentations to Directors giving an overview of the Company's operations, function, strategy and risk management plan of the Company.

3. COMMITTEES OF THE BOARD

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is governed by its Charter which outlines the scope, roles, responsibilities and powers. All the decisions and recommendations of the Committee are placed before the Board for its approval.

The various Board level Committees are as under:-

- Audit Committee;
- Nomination & Remuneration Committee; and
- Stakeholders Relationship Committee
- 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 four non-executive Directors and all of them are Independent Directors. During the period under review, three Audit Committee meetings were held respectively on 27.05.2017, 05.08.2017 and 10.02.2018. The composition of the Audit Committee and attendance at its meetings is given hereunder:

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethabhai M. Shah	Chairman	3	3
Shri Ambalal C. Patel	Member	3	2
Shri Harshad M. Shah	Member	3	3
Shri Shrikant N. Jhaveri	Member	3	3

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 27.05.2017, 05.08.2017 and 10.02.2018.

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethalal bhai M. Shah	Chairman	3	3
Shri Ambalal C. Patel	Member	3	2
Shri Harshad M. Shah	Member	3	3

Nomination and Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole Time Directors and KMPs based on performance and defined criteria.

Board Evaluation

Pursuant to section 134 of the Companies Act, 2013, the Board is responsible for the formal Annual Evaluation of its own performance, of its committee & Individual Directors. Further, as per regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, performance evaluation of the Independent Directors shall be done by entire Board of Directors, excluding directors being evaluated.

During the year, Board in concurrence with Nomination & Remuneration Committee has laid down the evaluation criteria for itself, Committees, Chairperson, Executive and Non- Executive Directors and Independent Directors. The evaluation was carried out through a structured questionnaire covering various aspects of the functioning of the Board of Directors.

The following broad parameters were considered to evaluate the performance of the independent Directors:

- Integrity, maintenance of high standard and confidentiality;
- Commitment and participation at the Board & Committee meetings;

- Effective deployment of knowledge and expertise;
- Exercise of independent judgment in the best interest of Company;
- Interpersonal relationships with other directors and management.

The following broad parameters were considered to evaluate the performance of the Board and Committees:

- Size, structure and expertise of the Board/Committees;
- Review of strategies, risk assessment, robustness of policies and procedures by Board;
- Oversight of the financial reporting process & monitoring Company's internal control system;
- Quality of agenda, conduct of meeting, procedures and process followed for effective discharge of functions;
- Effective discharge of functions and duties by Committee as per terms of reference;
- Appropriateness and timeliness of the updates given on regulatory developments;
- Board's engagement with senior management team.

5. Remuneration of Directors

- a. All Pecuniary Relationship or Transactions of the Non- Executive Directors

There were no pecuniary relationship or transactions of the non-executive directors vis a vis the Company.

- b. Criteria for Making Payment to Non- Executive Directors

Role of Non-Executive/Independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas. The Company seeks their expert advice on various matters from time to time. Hence, the compensation to the non-executive/independent directors is recommended.

- c. Compensation/Fees Paid to Non-Executive Directors

Non-Executive Independent Directors were paid sitting fees for attending the Board and Committee Meetings.

- d. Details of Remunerations

Details of remuneration and sitting fees paid or provided to all the directors during the year ended March 31, 2018 are as under:

Name of Director	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Sujal A. Shah	Nil	4,32,000	Nil	4,32,000
Shri Babulal M. Singhal	Nil	4,92,000	Nil	4,92,000
Shri Anilkumar Pandya	Nil	4,80,000	Nil	4,80,000
Shri Ambalal C. Patel	30,000	Nil	Nil	30,000
Shri Tejpal S. Shah	22,500	Nil	Nil	22,500
Shri Harshad M. Shah	45,000	Nil	Nil	45,000
Shri Jethalal M. Shah	45,000	Nil	Nil	45,000
Shri Shrikant N. Jhaveri	45,000	Nil	Nil	45,000
Smt. Shefali M. Patel	22,500	Nil	Nil	22,500

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, four meetings of Stakeholders' grievance Committee were held on 27.05.2017, 05.08.2017 and 10.02.2018.

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethabhai M. Shah	Chairman	3	3
Shri Ambalal C. Patel	Member	3	2
Shri Harshad M. Shah	Member	3	3

Name and designation of Compliance Officer

Shri Nirajkumar Jain, 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, 2018 are as under:

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

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

No. of pending Complaints: Nil

No. of complaints resolved during the year: Nil

7. GENERAL BODY MEETING

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

Year	Date	Time	Venue	No. of special resolutions passed
2014-15	September 24 th , 2015.	10:30 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2015-16	September 24 th , 2016.	09:30 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	1
2016-17	September 30 th , 2017.	10:00 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	1

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

- All Quarterly / Annual financial results are immediately sent to stock exchanges after being taken on record by the Board.
- As per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- The Company's website www.salsteel.co.in contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

9. GENERAL SHAREHOLDERS INFORMATION

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

a) Annual General Meeting.

Date : 29th September, 2018

Time : 10:00 A.M.

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

b) Financial Year

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

The Quarterly Results for the financial year 2018-19 will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30th June 2018	: By 14th August 2018
Quarter ending 30th September 2018	: By 14th November 2018
Quarter ending 31st December 2018	: By 14th February 2019
Quarter ending 31st March 2019	: By 30th May 2019

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: 532604)
:**National Stock Exchange of India Ltd (NSE)**
"Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400051
(NSE Symbol: SALSTEEL)

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 : INE658G01014

- e) **Stock code** : Bombay Stock Exchange Ltd.(BSE)**Scrip Code: 532604**
National Stock Exchange of India Ltd (NSE)**Symbol: SALSTEEL**

- f) **Share Price Data** (₹ per share)

Month	Price at BSE		Price at NSE	
	t ' s g r c	t ' s w r c	t ' s g r c	t ' s w r c
Apr' 17	7.23	4.76	7.20	4.75
May' 17	8.74	5.67	8.65	5.75
June' 17	7.21	5.26	7.20	5.25
July' 17	8.50	6.20	8.75	6.05
Aug' 17	8.00	5.99	7.80	5.35
Sept' 17	6.95	5.00	6.80	4.80
Oct' 17	8.96	4.90	8.90	4.65
Nov' 17	7.69	6.00	7.75	6.05
Dec' 17	6.89	5.80	6.95	5.70
Jan' 18	8.28	6.45	8.25	6.45
Feb' 18	7.94	5.84	7.95	5.80
Mar' 18	9.17	6.85	9.10	6.95

- g) **Registrar to 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) dematerialisation etc. to Company's Share Transfer agent i.e. Karvy Computershare Private Limited at the below address and may also write to the Company.

Name : Karvy Computershare Private Limited
Address : Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad, - 500 032.
Phone : 91-040-67162222
Fax : 91-040-23001153
Toll Free no. : 1800-345-4001
Email : shyam.kumar@karvy.com
Website : www.karvycomputershare.com

- h) **Share Transfer System**

All transfers of shares held in physical form are dealt by our Registrar and Share Transfer Agents. Presently the share transfers received in physical form are processed and registered within prescribed time periods (15) days from the date of receipt subject to the documents being valid and complete in all respects. Depositories control share transfers in Demat Mode. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance in respect of compliance with share transfer formalities as required under Regulations 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the stock exchanges.

- i) **Shareholding pattern as on 31st March, 2018**

Distribution of shareholding as on 31st March, 2018

Category	No. of Shares	%
Promoters	42959889	50.56
Clearing Members	209212	0.25
Indian Public	27468194	32.33
Domestic Companies	11852396	13.95
Nationalized Bank/ Insurance Company / NBFC	5300	0.00
NRI	329542	0.39
NRI NON-REPATRIATION	80475	0.09
HUF	2061692	2.43
Total	84966700	100.00

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 5000	4676467	5.50	18736	70.00
5001 - 10000	3614029	4.25	4036	15.08
10001 - 20000	3005133	3.54	1842	6.88
20001 - 30000	1814508	2.14	687	2.57
30001 - 40000	1068127	1.26	291	1.09
40001 - 50000	1681367	1.98	349	1.30
50001 - 100000	3107680	3.66	413	1.54
100001 & above	65999389	77.68	411	1.54
Total	849667000	100	26765	100.00

j) Dematerialization of Shares and Liquidity

On March 31st 2018, nearly 99.75% 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: Survey No. 245, Village Bharapar, Tal. Gandhidham, Dist. Kutch, Gujarat

l) Registered & Administrative Offices:

Registered Office	Administrative Office:
5/1, Shreeji House,	SAL Steel Limited,
Behind M. J. Library, Ashram Road	Corporate House,
Ahmedabad – 380006, Gujarat	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 : Nirajkumar V. Jain, Company Secretary cum Compliance officer
Address : S.A.L. Steel Limited,
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@salsteel.co.in

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

Name : Karvy Computershare Private Limited
Address : Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, - 500 032.
Phone : 91-040-67162222
Fax : 91-040-23001153
Toll Free no. : 1800-345-4001
Email : shyam.kumar@karvy.com
Website : www.karvycomputershare.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. 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.salsteel.co.in>.

Details of non-compliance by the listed entity, penalties and structures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:

Pursuant to Section 149 of the Companies Act, 2013, Company delayed in the appointment of women director on the Board and accordingly BSE and NSE imposed penalty on the Company in the Financial Year 2015-16. During the period under review, there is no non-compliance or penalty imposed by any authority.

Establishment of vigil mechanism and affirmation that no personnel has 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 safe guards the whistle blowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the financial year none of the personnel has been denied access to the audit committee.

Corporate Governance Compliance Certificate

Compliance Certificate from M/s Kiran Kumar Patel, Practicing Company Secretaries, as regarding compliance of conditions of corporate governance is annexed with corporate governance report.

Disclosure of Accounting Treatment

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014.

CEO and CFO Certification

As required by Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, CFO has given Compliance Certificate on financial statements to the Board of Directors.

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

We, Anil Pandya, Whole Time Director & Babulal M. Singhal, Whole Time Director & CFO of the Company, hereby certify that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchange. Company has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company.

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

The above Report was adopted by the Board at their meeting held on 30th May 2018.

For, S.A.L. Steel Limited

Place:Santaj
Date: 28.05.2018

Anil Pandya
Whole time Director
(DIN 02453919)

Babulal M. Singhal
Whole Time Director &CFO
(DIN 01484213)

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
S.A.L. STEEL LIMITED

We have examined the compliance of conditions of Corporate Governance by S.A.L Steel Limited ('the Company'), for the year ended 31st March, 2018 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in the Listing Regulations for the period 1st April, 2017 to 31st March, 2018.

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

Place : Gandhinagar
Date : 30.05.2018

Sd/-
Kiran Kumar Patel
Company Secretary
CP No. 6352

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY STRUCTURE AND DEVELOPMENTS**

In FY 2017-18, the global economic activity continued to firm up. As per the International Monetary Fund (IMF), the global output is estimated to have grown by 3.7% in 2017, which is 0.5 percentage point higher than in 2016. The pickup in growth has been broad based, with noteworthy upside developments in Europe and Asia. The forecast for global growth in 2018 and 2019 is upward at 3.9%. This forecast reflects the increased global growth momentum.

The growth momentum is expected to be stimulated by the U.S tax policy changes, with increased investment response in the U.S. It is estimated that the growth rate in the U.S will be positive through 2020. Growth rates for many of the euro area economies have been picking up, especially for Germany, Italy, and the Netherlands. This, in turn, reflects the stronger momentum in domestic demand and higher external demand. However, the growth is expected to moderate gradually in China.

In the near term, the risks to the global growth forecast appear to be balanced, however, some of the inward-looking policies, geopolitical tensions and political uncertainty in some countries could pose downside risks.

INDIAN ECONOMIC OVERVIEW

India is going through a lot of structural reforms. The government has taken strides towards reviving the agricultural sector and boost Micro, Small and Medium Enterprises (MSMEs) growth, facilitating tax reform (GST), drive infrastructure growth and enhancing financial inclusion. India is steadily moving towards sustaining growth in the near and long-term.

In the backdrop of the structural reforms, the international credit rating agency Moody's upgraded India's credit ratings to Baa2 from Baa3 after a gap of around 13 years. The Economic Survey of India 2017-18, projects Indian economy to grow at 6.5% during FY 2017-18, with FY 2018-19 growth expected to be around 7 to 7.5%. Moreover, the country was ranked at the hundredth position, registering an improvement of 30 places, in the World Bank's Ease of Doing Business (EoDB) 2017 report.

Additionally, some improvements on the industry sector emanated from a steady rise in utilities and a revival in manufacturing activity. This turnaround in production levels is possibly a reflection of growing consumption demand.

Some of the policy reforms and actions that have fuelled this growth are:

Impetus on infrastructure growth

The Government is focused on strengthening the key pillars of the economy, agriculture, healthcare and infrastructure. To boost road infrastructure in the country and foster job creation, the Government of India (GoI) announced an investment outlay of INR 6.9 lakh crore to construct 83, 677 km of road network, over a period of five years. The Government estimates that around USD 4.5 trillion worth of investments are required by India till 2040 to develop infrastructure to improve economic growth and community well-being.

Growing potential of the rural economy

The Government of India has taken numerous initiatives for boosting rural economy and demand. Some of these schemes include plans of spending INR 14.34 lakh crore (trillion) in rural infrastructure and livelihood spending. It also includes the increase in the minimum

support price of crops to at least 1.5 times their production cost. Rural economy being agriculture-based, this will give a huge impetus to rural growth and demand.

Thrust to the Micro, Small and Medium Enterprises

The 2018-19 Budget of the Government of India has given a big thrust to Micro, Small and Medium Enterprises (MSMEs) sector to boost employment and economic growth. The government has made allocation worth Rs 3794 crore to the MSME sector for credit support, capital and interest subsidy on innovation. With the tax reforms, the businesses of MSMEs are increasingly formalised, which will generate substantial information for MSMEs and help in financing them.

Supportive policy environment:

i) Goods and Services tax

The Goods and Services Tax was launched in July 2017 with the aim to consolidate all other indirect tax laws, except a few and also to bring a harmonised tax structure and uniform compliance practices both by regulators and businesses. Post GST implementation, India's tax net expanded by 50%. GST is expected to bring various benefits to businesses and consumers such as compliance, input tax credits, reduced logistic costs and a transportation tax regime.

ii) Insolvency and bankruptcy code

Launched in December 2016, the code is a one-stop solution for resolving insolvencies which at present is a long process and does not offer an economically viable arrangement. The code will be able to protect the interests of small investors and make the process of doing business simpler.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Steel is one of the most important products of the modern world and is of strategic importance to any industrial nation. From construction, industrial machinery and transportation to consumer products, steel finds a wide variety of applications. It is also an industry with diverse production-technologies based on the nature and extent of use of raw materials. It is often said that steel industry is the barometer of the economic health of the nation, at least in the early stages of economic development.

Domestic steel market has overcome the effects of glut in the market due to cheap imports mainly from China; industry is back to profitability on increased demand in domestic market aided by strong exports. Steel industry has turned around during FY 2017-18 when compared to two preceding years.

As per the international rating agency Moody's, among the major steel-producing Asian countries, operating conditions will be the most supportive in India, because of the robust domestic demand and protectionist measures. This is despite an increase in raw material prices and new capacity additions.

A supportive policy environment and improved performance in the steel industry, Indian sponge iron industry has got a big boost. As, sponge iron contributes to 23% of India's total crude steel production of 97MT.

India is world's largest sponge iron producer with an annual installed capacity of 46-47 MT. There are over 400 sponge iron units in India.

Indian sponge iron industry is highly fragmented. Top 20 producers contribute about 60-65% of total production whereas rest contribute 35-40% of the production.

During FY 2018-19, domestic sponge iron production is expected to increase by 10% and its total production is likely to cross 23 MT. This has become possible mainly due to increased availability of iron ore at competitive prices; iron ore pellet supplies have also eased out and has supported sponge iron industry.

Globally too, due to positive sentiments in the steel market, sponge iron production has increased during 2018 to 73 MT from 72.76 MT during 2017. A significant development on the DRI scenario, is the rapid strides Iran has made in recent years. With an output of 20.5 MT (a rise of 6 %) in the calendar year 2017, it stood second to India that produced 25.8 MT (a drop of 8 %), according to WSI. With the new DRI plants coming up that uses the PERED (joint Iranian - German) technology, Iran is billed to become the top producer of DRI in the world soon. India needs to come up with DRI production that must be competitive by global standard and is environmentally friendly.

India is set to become the second largest steel producer in the world as economic growth drives the demand; this is evident from the keen interest and competition seen in acquiring the stressed companies in the steel sector.

Overall during the next few years, we can expect a competitive, robust and consolidated steel sector in India.

Opportunities

Sponge Iron is no longer considered as an alternative to scrap rather considered as a raw material for steel making in electric furnaces. It is being used as a principle raw material and is charged at 40-80% of the charge mix in furnaces. India has abundant reserves of iron ore and non-coking coal suitable for sponge iron making and it has been a major factor in the establishment of the industry.

As per the National steel policy crafted during FY 2017-18, the crude steel production target for India is set at 300 MT by 2030. Share of sponge iron in steel making will be 80MT, which will create huge opportunity for sponge iron industry.

Threats

Presently there are no visible threats in the short and medium term in the sponge iron industry. However availability of key raw materials and environmental concerns might pose significant challenge in the future.

Outlook

The domestic consumption story is positive as is evident in the demand pull visible in automobile and other sectors. Government is also driving the economy by investing in housing, roads, and ports and in other infrastructure projects.

Favourable domestic demand and remunerative prices in both domestic and international markets are likely to bolster steel production further in the years to come, resulting into more demand for sponge iron.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Production of sponge iron during the year was 1,50,721 MT as compared to 1,57,065 MT as compared in the previous year. Production of Ferro Chrome was 11,260 MT as compared to 12,264 MT in the previous year.

Accordingly, sales for sponge iron during the year was 1,52,906 MT as compared to 1,56,939.75 MT in the previous year. Sales of Ferro Chrome during the year were 11,589 MT as compared to 12,408.95 MT in the previous year.

Company has a power generation plant of 40 MW. During the year 98,318.37 MWH of power was sold by way of Captive Consumption as against 99,660.25 MWH in the previous year.

During the year under review Total Revenue from operation has been increased from ₹ 39,939.90 lacs to ₹ 51,136.81 lacs as compared to previous year's turnover. Company has registered a net profit of ₹ 4,239.07 lacs in comparison of profit of ₹ 87.68 lacs during previous year.

OUTLOOK

The domestic consumption story is positive as is evident in the demand pull visible in automobile and other sectors. Government is also driving the economy by investing in housing, roads, and ports and in other infrastructure projects. Favourable domestic demand and remunerative prices in both domestic and international markets are likely to bolster steel production further in the years to come, resulting into more demand for sponge iron.

RISK AND CONCERNS

The process of Risk Management in the company identifies inherent risks in its operations and records residual risk after taking specific risk mitigation steps. The company has identified and categorized risks in the areas of Operations, Finance, Marketing, Regulatory Compliances and Corporate matter.

The volatility in price of sponge iron, excess supply of sponge iron in the market will have an effect of squeezing margins and poses risk to the profitability. New customers, new market and cost reduction have been identified as the mitigation measures.

Also, the enforcement of recent Tariff policy guidelines on power by Government of India that requires the State Electricity Regulatory Commission to ascertain sale price of power based on cost of generation will have an impact on the revenue from export of power.

Fluctuation of import coal price, increase in USD-INR exchange rate, may lead to increase in cost of production. This is mitigated by continuous evaluation of international coal price vis-à-vis Indian coal price and accordingly the action plan for procurement has been formulated.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company is working on enhancing its competencies to take care of current and future business. Its employee strength as on March 31, 2018 was 410. Human Resource and Industrial Relations departments have developed systems and policies on recruitment, performance management, learning and development, and employee engagement. The Workers union of the Company has maintained healthy and cordial industrial relations, and has been an equal partner in implementing Company's policies and achieving stretched operational targets, year on year.

CAUTIONARY NOTE

Cautionary Statement The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations 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 external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government regulations, tax laws, and other incidental factors.

INDEPENDENT AUDITOR'S REPORT

To the Members of
S.A.L. STEEL LIMITED
AHMEDABAD

Report on the Financial Statements

We have audited the accompanying Ind AS Financial Statements of M/s SAL STEEL LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, (including the statement of Other Comprehensive Income), the Statement of Cash flows, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information. (herein after referred to as "Ind AS financial statements").

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 Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 Ind AS 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 Ind AS 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 of the Ind AS financial statements in accordance with the Standards on Auditing, as 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS Financial Statements.

BASIS OF QUALIFIED OPINION

1. **Management is of the view that they do not anticipate execution of its ongoing capital projects. However, the Company has not made adequate provision towards recovery of advances for the said capital projects for the amount of Rs.9,12,32,064/- which are currently shown under Long term loans and advances. The consequential impact of adjustment, if any, on the actual realization of said advances on the financial results is currently not ascertainable. Therefore, we are unable to comment on its consequential financial impact, if any, on the financial statements. (Refer Note No 35 - of Notes forming Part of IND AS Financial statement)**
2. **The Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of Ind AS 109 'Financial Instruments' and hence, the effect of the same, if any, on the financial results is not identifiable therefore, we are unable to comment upon its impact on the Financial results for the year ended 31st March, 2018. (Refer Note No 37- of Notes forming Part of IND AS Financial statement)**

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the aforesaid Ind AS 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, of the state of affairs of the Company as at 31st March, 2018, and its Profits, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

OTHER MATTER

The Comparative financial information of the Company for the year ended 31st March 17 and the transition date opening -- balance sheet as at 1 April, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by predecessor auditors and their reports for the years ended 31 March 2017 and 31 March 2016 dated 27th May 2017 and 30th May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

EMPHASIS MATTER

- Note 31 to the IND AS financial Statements of the Company which states that the Company's current liabilities exceeded its current assets as at the 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, considering the profit earned by the company for the year ended on 31st March 2018 and considering the view of the management, the financial results of the Company have been prepared on a "going concern basis".**
- Note 32 to the IND AS financial statements which describes about the Non disclosure of Reportable Segments as required under Indian Accounting Standard - 108 'Operating Segments'. As IND AS 108 Operating Segments mandates the disclosure requirements there is no impact on the financial results due to non disclosure.**
- Note no 40 to the Financial statements about the settlement agreement entered in to by the company with effect from 22nd February 2018 for the entire dues in respect of various facilities and assistance provided by Union bank of India, State Bank of Saurashtra, State Bank of India and State Bank of Hyderabad which is now assigned to Invent Assets Securitization & Reconstruction Pvt. Ltd. The company has accounted for the Waiver of Interest portion (as per the books of the company) as Income 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 Rs 18051.50 lacs towards full and final settlement against the total liability (Principal and Interest) of Rs 24430 lacs resulting in to the waiver of liability (Principal and Interest as per the books of the company) for the amount of Rs 6378.26 lacs. The said waiver of liability (Interest) for the amount of Rs 6378.26 has been shown as income in the Statement of Profit and loss and has been reflected as an Exceptional Item in the Statement of Profit and loss for the year ended on 31st March 2018.**
- Refer Note 42 to the notes forming part of financial statements which mentions about the Order of Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench dated 6th Sep, 2017 [C P (IB) no. 94/9/NCLT/AHM/2017] which had admitted the company under Corporate Insolvency Resolution Process (CIRP) under section 9(5)(i) of the Insolvency and Bankruptcy Code, 2016 and accordingly appointed Interim Resolution Professional (IRP). However, on the basis of the records produced before us, and as explained to us, the promoters of the company have entered in to a settlement with operational creditor who had filed application before Hon'ble NCLT, Ahmedabad and obtained no objection from other operational creditors as well as financial creditors and moved a petition under Article 142 of the Constitution of India before the Hon'ble Supreme Court of India, New Delhi. As per the order dated 10th January 2018 of the Hon'ble Supreme court of India, the order passed by the Hon'ble NCLT, Ahmedabad dated 06th September, 2017 has been set aside and accordingly the CIRP proceedings have been effectively discontinued and powers of the Board of Directors of the Company have been reinstated.**
- Attention is invited to Note 41 of the Financial Statements which states that the balance confirmation from the suppliers, customers as well as to various loans or advances given have been called for, but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables as well as loans and advances have been taken as per the books of accounts submitted by the company and are subject to confirmation from the respective parties**
- Attention is invited to Note 42 of the Financial Statements In view of the fact that the company against whom an application for Corporate Insolvency Resolution Process (CIRP) has been admitted under the Insolvency & Bankruptcy Code 2016 vide order of the National Company Law Tribunal Ahmedabad dated 06th September, 2017 [CP(IB) No.94/9/NCLT/AHM/2017] u/s 9 of the IBC 2016 and in line with the press release of the CBDT dated 06th January, 2018, while computing the liability of MAT u/s 115JB of the Income Tax Act the amount of total loss brought forward (including unabsorbed depreciation) has been allowed to be reduced from the book profit for the year under review.**

Our opinion is not qualified on the above matters.

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure-"A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
 - We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - Except for the possible 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- (e) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued there under.
- (f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) 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".
- (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 as amended, 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 Position as referred to in Note no.30 to the Ind AS Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Parikh & Majmudar
Chartered Accountants
FR No. 107525W

Place: Ahmedabad
Date: 30/05/2018

[C.A (Dr) Hiten M. Parikh]
PARTNER
Membership No. 40230

ANNEXURE A - TO THE INDEPENDENT AUDIT REPORT

REFERRED TO IN PARAGRAPH "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF S.A.L STEEL LIMITED

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
- (b) As explained to us, major portion of fixed assets are physically verified by the management during the year in accordance with a phased program of verification adopted by 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.
- (c) According to the information and explanation given to us and on the basis of our examination of records of the company, title deeds of the immovable properties held are in the name of the company.

(ii) As explained to us, inventories(excluding goods in transit and goods lying at port) were physically verified by 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.

(iii) In respect of loans, Secured or unsecured granted by the company to the companies, firms, limited liability partnership or other parties covered in the register maintained u/s 189 of the companies Act, 2013:

According to the information and explanations given to us and on the basis of records produced before us, the company has not granted any loan, secured or unsecured to the companies, limited liability partnership or firms or other parties covered in the register maintained u/s 189 of the companies Act,2013 and hence sub-clause (a)&(b) & (c) of paragraph 3 of companies auditor's report order 2016 are not applicable to the company.

(iv) According to the information and explanations given to us, the company has not made any investment or given any loans during the year under review Accordingly, paragraph 3(iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government of India for the maintenance of Cost records specified under section 148 of Companies Act 2013 and are of the opinion that prima facie, the prescribed accounts & 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.

(vii) :

(a) According to the information and explanation given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of accounts in respect of undisputed statutory dues including provident fund, ESIC, income-tax, sales tax, Goods & Service Tax, service tax, , duty of customs, duty of excise, value added tax, cess and other statutory dues have not been generally regularly deposited during the year with the appropriate authorities.

According to the information and explanation given to us no undisputed amounts payable in respect of provident fund, ESIC, income-tax, Goods & Service Tax, service tax, , duty of customs, duty of excise, cess and other statutory dues were resaid dues were outstanding as at 31st March,2018 for a period of more than six months from the date of becoming payable except dues for (1) deferred sales tax liability for Rs.22.63 lacs (2) dues of value added tax (VAT) during the year to the tune of Rs.2240.56 lacs.-

b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues of Rs.2747.45 lacs/- have not been deposited as on 31st March, 2018 on account of matters pending before the appropriate authorities. The details of which are as follows:

Sr. No	Name of the statute	Nature of Dues	Financial year to which it relates	From where the dispute is pending	Amount under dispute not yet deposited (Net of Payments) (in Rs lakhs.)
1	Central Excise Act,1994	Central Excise Duty	2006-07	Appellate Tribunal Ahmedabad	5.56
2	Central Excise Act,1994	Central Excise Duty	2008-09	Appellate Tribunal Ahmedabad	10.41
3	Custom Act ,1962	Custom Duty	2011-12	Appellate Tribunal Ahmedabad	50.00
4	Central Excise Act,1994	Central Excise Duty	2012-13	Appellate Tribunal Ahmedabad	449.85
5	Gujarat Value Added Tax Act,2003	Value Added Tax	2006-07	Jt. Value Added Tax Commissioner (Appeal)	365.64
6	Central Excise Act,1994	Central Excise Duty	2008-09 to 2010-2011	Supreme Court	590.14

7	Central Service Tax Act, 1994	Service Tax Duty	2009-10	Service Tax Commissioner	25.55
8	Central Excise Act, 1994	Central Excise Duty	2005-06 to sep 2014	Central Excise Commissioner	626.28
10	Gujarat Value Added Tax Act, 2003	Value Added Tax	2011-12	Jt. Value Added Tax Commissioner (Appeal)	220.12
11	Gujarat Value Added Tax Act, 2003	Value Added Tax	2013-14	Jt. Value Added Tax Commissioner (Appeal)	253.70

- (viii) According to information & explanations given to us, the company has not defaulted in repayment of its dues to Financial Institutions. The company does not have any borrowings from debenture holders, Banks or Government
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (Xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) 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 non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

For Parikh & Majmudar
Chartered Accountants
FR No. 107525W

Place: Ahmedabad
Date: 30/05/2018

[C.A (Dr) Hiten M. Parikh]
PARTNER
Membership No. 40230

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OFF EVEN DATE ON THE FINANCIAL STATEMENTS OF S.A.L STEEL LIMITED

Report on the Internal Financial Controls over Financial Reporting 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 M/s S.A.L STEEL LIMITED ("the Company") as of 31 March 2018 in conjunction with our audit of the 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 ('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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 & according to the explanations given to us, 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 31st March 2018, 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 Parikh & Majmudar
Chartered Accountants
FR No. 107525W

[C.A (Dr) Hiten M. Parikh]
PARTNER
Membership No. 40230

Place: Ahmedabad
Date: 30/05/2018

Balance Sheet as at March 31, 2018

(Amount ₹ in Lacs)

Sr. No.	Particulars	Note No.	As At 31.03.2018	As At 31.03.2017	As At 31.03.2016
	ASSETS				
1	Non-current assets				
a)	Property, Plant and Equipment	2	12,770.03	13,274.25	13,974.61
b)	Capital work-in-progress		2,470.25	2,470.25	2,470.25
c)	Other Intangible assets		5.77	5.77	5.77
d)	Financial Assets		-	-	-
(i)	Trade receivables	3	268.01	351.50	278.81
(ii)	Loans	4	12.63	12.34	7.50
(iii)	Security Deposits				
e)	Deferred tax assets (net)		-	592.30	864.10
f)	Other non-current assets	5	950.00	988.71	1,143.15
2)	Current assets				
a)	Inventories	6	7,603.33	6,020.33	2,920.15
b)	Financial Assets		-	-	-
(i)	Trade receivables	7	3,469.64	5,029.03	3,759.61
(ii)	Cash and cash equivalents	8	241.86	123.67	111.23
(iii)	Bank balances other than (iii) above				
(iv)	Loans				
c)	Other current assets	9	407.85	683.81	354.73
	TOTAL ASSETS		28,199.37	29,551.96	25,889.91
	EQUITY & LIABILITIES :				
	EQUITY:				
a)	Equity Share capital	10	8,496.67	8,496.67	8,496.67
b)	Other Equity	11	-8,117.50	-12,372.52	-12,465.12
	LIABILITIES :				
1)	Non-Current Liabilities				
a)	Financial Liabilities				
(i)	Borrowings	12	16,729.44	16,895.77	16,141.49
(iii)	Other financial liabilities	13	546.32	363.80	375.40
b)	Provisions	14	84.86	84.48	77.44
c)	Deferred tax liabilities (Net)		1,573.21	-	-
d)	Other non-current liabilities	15	67.89	90.52	113.15
2)	Current liabilities				
(i)	Borrowings				
(ii)	Trade payables	16	2,362.52	2,880.09	2,054.00
(iii)	Other financial liabilities	17	758.60	8,609.38	8,497.92
(iv)	Other current liabilities	18	5,619.81	4,430.23	2,517.33
c)	Provisions	19	77.55	73.54	81.63
	Total Equity and Liabilities		28,199.37	29,551.96	25,889.91

The accompanying Notes 1 to 53 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Parikh & Majmudar
 Chartered Accountants
 (Firm Regn.No.107525W)

 Rajendra V. Shah
 B M Singhal
 Anil Pandya
 Nirajkumar Jain

 Chairman
 Whole Time Director Cum CFO
 Whole Time Director
 Company Secretary

CA Dr. Hiten Parikh
 Partner
 Membership No.040230
PLACE : AHMEDABAD
DATE : 30th May,2018

Statement of Profit & Loss for the year ended on March 31, 2018

(Amount ₹ in Lacs)

	Note No	As At 31st March 2018	As At 31st March 2017
I Revenue from Operations	20	50865.43	39702.93
II Other Income	21	271.38	236.97
III Total Income (I +II)		51136.81	39939.90
IV <u>Expenses:</u>			
Cost of Materials Consumed	22	33895.67	24029.98
Purchases of Stock-in-Trade	23	1210.23	
Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-progress	24	-2290.26	-274.48
Excise duty	25	963.00	3641.77
Employee Benefits Expense	26	1399.29	1278.43
Finance Costs	27	115.70	73.06
Depreciation and Amortization Expense		775.00	764.23
Other Expenses	28	15050.41	10069.62
Total Expenses (IV)		51119.04	39582.61
V Profit before Exceptional Item (III- IV)		17.77	357.29
Exceptional Item (Refer Note No 40)		6378.26	0.00
VI Profit before tax (III- IV)		6396.03	357.29
VII Tax expense :	29		
(1) Current Tax		0.00	0.00
(2) Deferred Tax		2156.95	269.60
Total Tax Expenses (VII)		2156.95	269.60
VIII Profit for the period (V -VI)		4239.08	87.69
IX Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss		0.00	0.00
B (i) Items that will be reclassified to profit or loss		24.52	7.11
(ii) Income tax relating to items that will be reclassified to profit or loss		-8.57	-2.20
Total Other Comprehensive Income (VIII)		15.95	4.91
X Total Comprehensive Income for the period (VII + VIII) (Comprising Profit and Other Comprehensive Income for the period)		4255.03	92.60
XI Earnings per equity share (Face Value of ₹ 10/- each)	30	4.99	0.10
Basic & Diluted (In Rs)			

The accompanying Notes 1 to 53 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Parikh & Majmudar
Chartered Accountants
(Firm Regn.No.107525W)

CA Dr. Hiten Parikh
Partner
Membership No.040230
PLACE : AHMEDABAD
DATE : 30th May,2018

Rajendra V. Shah Chairman
B M Singhal Whole Time Director Cum CFO
Anil Pandya Whole Time Director
Nirajkumar Jain Company Secretary

Cash Flow Statement for the year ended 31st March 2018

(Pursuant to the Listing Regulations)

(Amount ₹ in Lacs)

Particulars	2017-18		2016-17	
(A) CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT/(LOSS) BEFORE TAX		6,396.03		357.28
Add/(Less):				
Depreciation and amortization expense	775.00		764.23	
Debit /(Credit) Balance written off	-60.48		-97.86	
Unrealised Foreign Exchange Loss/ (Gain)	74.95		30.37	
Financial Cost	115.70		73.06	
Bad Debts / (Bad Debts recovered)	0		0.04	
Provision for Doubtful Debts and Advances	10.04		10.04	
Interest Income	-4.92	910.29	-1.05	778.83
		7,306.32		1,136.11
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Adjustments for:				
Trade and Other Receivables	1,957.27		-1,521.59	
Inventories	-1,583.01		-3,100.18	
Trade Payables and other liabilities	-6,991.86	-6,617.60	2,902.32	-1,719.44
CASH GENERATED FROM OPERATIONS		688.72		-583.34
Less: Income Tax Paid		0		
CASH FLOW BEFORE EXTRA ORDINARY ITEMS		688.72		-583.34
Add / (Less):				
Prior period items		0		
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		688.72		-583.34
(B) CASH FLOW FROM INVESTING ACTIVITIES:				
Sale Proceeds of Assets				
Interest Income	4.92		1.05	
Purchase of Fixed Assets	-270.79		-63.86	
Investment in Capital Work in Progress	0.00		0.00	
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		-265.87		-62.81
(C) CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Working Capital Loans	-166.33		754.28	
Financial Expense	-115.70		-73.06	
Proceeds / (Repayment) from / to Loans and Advances	-22.63		-22.63	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		-304.66		658.59
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS(A+B+C)		118.19		12.44
Cash & Cash Equivalent in the Beginning of the year		123.67		111.23
Cash & Cash Equivalent in the Closing of the year		241.86		123.67

Note:

Cash and Bank Balances:	As At March 31,2018		As At March 31,2017	
Balances with banks(in Current Accounts)		240.40		121.62
Cash on Hand		1.46		2.05
Total		241.86		123.67

The accompanying Notes 1 to 53 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Parikh & Majmudar

Chartered Accountants
(Firm Regn.No.107525W)

Rajendra V. Shah

B M Singhal

Anil Pandya

Nirajkumar Jain

Chairman

Whole Time Director Cum CFO

Whole Time Director

Company Secretary

CA Dr. Hiten Parikh

Partner

Membership No.040230

PLACE : AHMEDABAD

DATE : 30th May,2018

Notes to financial statement for the year ended 31 March 2018

A. DISCLOSURE OF ACCOUNTING POLICIES**1.1 CORPORATE INFORMATION**

The Company is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange and Bombay Stock Exchange. The company is engaged in manufacturing Sponge Iron, Ferro Alloys and power and the same are sold in the domestic market. Because of the Captive power generation, company has advantage of low power cost per unit of manufacturing. Company is generating 40 MW Power from waste Heat recovery Boiler & Fluidized Bed Combustion boiler with economic price. Power generated is used for captive consumption and sur-plus power is sold resulting profit.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. The Financial Statements up to year ended 31 March 2017 were prepared in accordance with accounting standards notified under the Company (Accounting Standards) Rules 2006 read with Rule 7(1) of the Companies (Accounts) Rules, 2014 and the provisions of the Companies Act, 2013 (hereinafter referred to as the 'previous GAAP').

These Financial Statements are the first financial statements of the company under Ind AS - the transition date being 1st April 2016. The information as to how the company has adopted Ind AS and the impact thereof on Company's financial position, financial performance and cash flows is presented in notes to financial statements.

The financial statements have been prepared under the historical cost basis.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Company's management evaluates all recently issued or revised accounting standards on an on-going basis.

The financial statements are presented in Indian Rupees ('INR'). Where changes are made in presentation, the comparative figures of the previous year are regrouped and re-arranged accordingly.

1.3 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

1.4 PROPERTY, PLANT AND EQUIPMENT:

- i) Property, Plant and Equipment are stated at original cost (net of tax/duty credit available) less accumulated depreciation and impairment losses. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, and pre-operative expenses including attributable borrowing costs incurred during pre-operational period.
- ii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.
- iii) Assets which are not ready for their intended use on reporting date are carried as capital work-in-progress at cost, comprising direct cost and related incidental expenses.
- iv) On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.
- v) Property, Plant and Equipment are depreciated and/or amortised on the basis of their useful lives as notified in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.
- vi) Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period when the assets are ready for use.
- vii) An asset's carrying amount is written down immediately on discontinuation to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit/ Loss on Sale and Discard of Fixed Assets.
- viii) Useful lives of the Property, Plant and Equipment as notified in Schedule II to the Companies Act, 2013 are as follows :
 - Buildings - 3 to 60 years
 - Plant and Equipments - 15 to 25 years
 - Furniture and Fixtures - 10 years
 - Vehicles - 8 to 10 years
 - Office Equipments - 5 to 10 years
- ix) At each balance sheet date, the Company reviews the carrying amount of property, plant and equipment to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

1.5 INTANGIBLE ASSETS:

- i) Intangible assets acquired by payment e.g. Computer Software are disclosed at cost less amortization on a straight-line basis over its estimated useful life.

- ii) Intangible assets are carried at cost, net of accumulated amortization and impairment loss, if any.
- iii) On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.
- iv) Intangible assets are amortised on straight-line method as follows :
Computer Software - 5 years
- v) At each balance sheet date, the Company reviews the carrying amount of intangible assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

1.6 Revenue Recognition

- i) Revenue comprises of all economic benefits that arise in the ordinary course of activities of the Company which result in increase in Equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.
- ii) Sale of Goods: Revenue from sales of goods is recognized on transfer of significant risks and rewards of ownership to the customers. Revenue shown in the Statement of Profit and Loss are inclusive of Excise Duty upto 30th June 2017 and the value of self-consumption, but excludes, returns, trade discounts, cash discounts, value added tax, central sales tax. Excise Duty expense has been disclosed in Statement of Profit and Loss as expenditure.
- iii) Services: Revenue from Services are recognized as and when the services are rendered.
- iv) Interest: Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- v) Export Benefits are accounted on accrual basis.
- vi) Dividend income is recognized when right to receive is established.

1.7 EMPLOYEE BENEFITS:

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post Employment and Retirement benefits in the form of Gratuity are considered as defined benefit obligations and is provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.
- iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on government bonds that have terms approximating to the terms of the related obligation.
- iv) Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organization established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid.

1.8 Valuation of Inventories

- i) The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. The costs of Raw Materials, Stores and spare parts etc., consumed consist of purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the procurement.
- ii) Stock of Raw Materials are valued at cost and of those in transit and at port related to these items are valued at cost to date. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Material and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.
- iii) Stock of Stores and spare parts are valued at cost; and of those in transit and at port related to these items are valued at cost.
- iv) Goods-in-process is valued at lower of cost or net realisable value.
- v) Stock of Finished goods is valued at lower of cost or net realisable value.
- vi) Stock-in-trade is valued at lower of cost or net realisable value.

1.9 Cash flow statement

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, financing and investing activities of the Company is segregated.

Cash and cash equivalents in the balance sheet comprise cash at bank, cash/cheques in hand and short term investments with an original maturity of three months or less.

1.10 FINANCIAL ASSETS:

- i) The Company classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortised cost.
- ii) Trade receivables represent receivables for goods sold by the Company upto to the end of the financial year. The amounts are generally unsecured and are usually received as per the terms of payment agreed with the customers. The amounts are presented as current assets where receivable is due within 12 months from the reporting date.
- iii) Trade receivables are impaired using the lifetime expected credit loss model under simplified approach. The Company uses

a matrix to de-termine the impairment loss allowance based on its historically observed default rates over expected life of trade receivables and is adjusted for forward looking estimates. At every reporting date, the impairment loss allowance is determined and updated and the same is deducted from Trade Receivables with corresponding charge/credit to Profit and Loss.

- iv) A financial asset is derecognized only when the Company has transferred the rights to receive cashflows from the financial asset, or when it has transferred substantially all the risks and rewards of the asset, or when it has transferred the control of the asset.

1.11 FINANCIAL LIABILITIES:

- i) Borrowings are removed from balance sheet when the obligation specified in the contract is discharged, cancelled or expired.
- ii) Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.
- iii) Trade Payables represent liabilities for goods and services provided to the Company upto to the end of the financial year. The amounts are unsecured and are usually paid as per the terms of payment agreed with the vendors. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially and subsequently measured at amortised cost.
- iv) Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.12 FAIR VALUE MEASUREMENT:

- i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.
- ii) The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- iii) A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- iv) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.13 FOREIGN CURRENCY TRANSACTIONS:

- i) The Company's financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency.
- ii) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.
- iii) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined.

1.14 BORROWING COSTS:

- i) Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.
- ii) General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use.
- iii) All other borrowing costs are expensed in the period in which they are incurred.

1.15 ACCOUNTING FOR TAXES ON INCOME:

- i) Tax expenses comprise of current tax and deferred tax including applicable surcharge and cess.
- ii) Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.
- iii) Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilized.
- iv) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based

on the tax rates and tax laws that have been enacted or sub-stantively enacted at the reporting date.

- v) Deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income. As such, deferred tax is also recognised in other comprehensive income.
- vi) Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the Deferred Tax Assets and Deferred Tax Liabilities relate to taxes on income levied by same governing taxation laws.

1.16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

- i) Provisions are made when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate is made of the amount of the obligation.
- ii) Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts. Contingent liabilities is disclosed in case of a present obligation from past events (a) when it is not probable that an outflow of resources will be required to settle the obligation; (b) when no reliable estimate is possible; (c) unless the probability of outflow of resources is remote.
- iii) Contingent assets are not accounted but disclosed by way of Notes on Accounts where the inflow of economic benefits is probable.

1.17 CURRENT AND NON-CURRENT CLASSIFICATION:

- i) The Normal Operating Cycle for the Company has been assumed to be of twelve months for classification of its various assets and liabilities into "Current" and "Non-Current".
- ii) The Company presents assets and liabilities in the balance sheet based on current and non-current classification.
- iii) An asset is current when it is (a) expected to be realized or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; (d) Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.
- iv) An liability is current when (a) it is expected to be settled in normal operating cycle; (b) it is held primarily for the purpose of trading; (c) it is due to be discharged within twelve months after the reporting period; (d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

1.18 RELATED PARTY TRANSACTIONS:

- i) A related party is a person or entity that is related to the reporting entity preparing its financial statements
 - (a) A person or a close member of that person's family is related to reporting entity if that person;
 - (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
 - (b) An entity is related to a reporting entity if any of the following conditions applies;
 - (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)
 - (i) Has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.
- ii) A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Compensation includes all employee benefits i.e. all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
- iii) Disclosure of related party transactions as required by the accounting standard is furnished in the Notes on Financial Statements.

1.19 EARNINGS PER SHARE:

- i) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- ii) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes to the Financial Statements for the year ended 31st March 2018
Note 2(a): Fixed Assets
TANGIBLE ASSETS :

(Amount ₹ in Lacs)

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Computer	TOTAL
Cost of Assets								
As at 1st April 2016	669.30	4431.32	24762.18	61.96	1020.80	43.75	100.75	31090.06
Addition	61.26	0.00	1.54	0.00	0.00	0.25	0.81	63.86
Disposal/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
As at 31st March 2017	730.56	4431.32	24763.72	61.96	1020.80	44.00	101.56	31153.92
Addition	0.00	0.00	236.97	0.00	30.74	1.45	1.63	270.78
Disposal/Adjustments								
As at 31st March 2018	730.56	4431.32	25000.69	61.96	1051.54	45.45	103.19	31424.79
Depreciation								
As at 1st April 2016	0.00	1462.79	14661.63	57.78	800.51	37.21	95.53	17115.44
Charge for the year		137.14	558.42	1.08	65.08	2.11	0.40	764.24
Disposal/Adjustments								
As at 31st March 2017	0.00	1599.93	15220.05	58.86	865.59	39.32	95.93	17879.68
Charge for the year		137.15	588.55	0.00	46.67	1.41	1.23	775.01
Disposal/Adjustments								
As at 31st March 2018	0.00	1737.08	15808.60	58.86	912.26	40.73	97.16	18654.68
Net Block								
As at 31st March 2017	730.57	2831.39	9543.67	3.10	155.21	4.67	5.64	13274.24
As at 31st March 2018	730.56	2694.24	9192.09	3.10	139.28	4.72	6.03	12770.03

INTANGIBLE ASSETS :

PARTICULARS	SOFTWARE	TOTAL
Cost of Assets		
As at 1st April 2016	115.30	115.30
Addition	0.00	0.00
Disposal/Adjustments	0.00	0.00
Other adjustment	0.00	0.00
As at 31st March 2017	115.30	115.30
Addition	0.00	0.00
Disposal/Adjustments	0.00	0.00
Other adjustment	0.00	0.00
As at 31st March 2018	115.30	115.30
Depreciation		
As at 1st April 2016	109.53	109.53
Charge for the year	0.00	0.00
Disposal/Adjustments	0.00	0.00
As at 31st March 2017	109.53	109.53
Charge for the year	0.00	0.00
Disposal/Adjustments	0.00	0.00
As at 31st March 2018	109.53	109.53
Net Block		
As at 31st March 2016	5.77	5.77
As at 31st March 2017	5.77	5.77

CAPITAL WORK IN PROGRESS	31.03.2018	31.03.2017
Building and Plant & Machinery	2,470	2,470
Total	2,470	2,470

NOTE NO : 2& 2(a)	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Fixed assets :			
(i) Property, Plant and Equipment	12,770.03	13,274.25	13,974.61
(ii) Capital work-in-progress	2,470.25	2,470.25	2,470.25
(iii) Other Intangible assets	5.77	5.77	5.77
	15,245.89	15,750.27	16,450.63

NOTE NO : 3	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Fixed assets :			
Trade Receivables :			
Non-current Trade Receivable			
Unsecured,considered good	268.01	351.50	278.81
	268.01	351.50	278.81

NOTE NO : 4	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Loans :			
- Loans to Staff	12.63	12.34	7.50
	12.63	12.34	7.50

NOTE NO : 5	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Other non-current assets :			
(a) Advance for Capital goods	912.32	912.32	941.22
Less : Provision made for doubtful advances	237.84	674.48	169.32
	674.48	674.48	771.89
(b) Security Deposit			
Unsecured,considered good	161.84	167.36	166.97
(c) Other Loan and advances			
Unsecured,considered good	112.14	123.73	169.51
(d) Advance Income Tax , TDS & TCS	1.54	23.13	34.78
	950.00	988.71	1143.15

NOTE NO : 6	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Inventories :			
(As taken, valued & certified by a director)			
(a) Raw Materials (Includes Material at port ₹ 1065.4 Lacs /- P.Y. ₹ 2951.14 lacs)	3292.87	3900.01	947.00
(b) Work in progress	507.69	89.41	19.62
(c) Finished goods	2957.45	1095.65	891.26
(d) Stores and spares	827.84	927.96	1055.27
(e) By Product	17.48	7.30	7.00
	7603.33	6020.33	2920.15

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

NOTE NO : 7	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Trade receivables :			
(i) Outstanding for a period exceeding six months un Secured, considered good	298.16	351.50	278.81
(ii) Others un Secured, considered good	3171.48	4677.53	3480.80
TOTAL	3469.64	5029.03	3759.61

Trade Receivables includes ₹ 2560.86 lacs in CY and ₹ 4900.28 in PY from Associated concerns (i.e. Shah Alloys Ltd) in which director of a Company is interested.

NOTE NO : 8	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Cash and cash equivalents			
(a) Balances with Scheduled Banks			
In current Account	240.40	121.62	77.16
(b) Margin Money with Scheduled Banks	0.00	0.00	27.10
(c) Cash on hand	1.46	2.05	6.97
	241.86	123.67	111.23

NOTE NO : 9	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Other current assets :			
Balance with government authorities	110.54	123.35	97.58
Advance to Suppliers	292.30	552.69	255.23
Prepaid Expenses	5.01	7.77	1.92
	407.85	683.81	354.73

NOTE NO : 10	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Share Capital :			
Authorised :			
14,00,00,000 Equity Shares of ₹ 10/- each (Previous year : 14,00,00,000 Equity Shares of ₹ 10/- each)	14000.00	14000.00	14000.00
	14000.00	14000.00	14000.00
Issued & Subscribed and Paid up :			
8,49,66,700 Equity Shares of Rs.10/- each fully paid up "(Previous year : 8,49,66,700 Equity Shares of Rs.10/- each fully paid up)	8496.67	8496.67	8496.67
	8496.67	8496.67	8496.67

The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 10/- each as follows:

a) Reconciliation of number of shares:

NOTE NO : 10 Equity Shares	As At March 31, 2018		As At March 31, 2017	
	Number of shares	₹ in lacs	Number of shares	₹ in lacs
Shares outstanding at the beginning of the year	8,49,66,700	8,496.67	8,49,66,700	8,496.67
Changes during the Year	-	-	-	-
Shares Outstanding at the end of the year	8,49,66,700	8,496.67	8,49,66,700	8,496.67

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

b) Terms/rights, preferences and restrictions attached to securities:

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 Shareholders holding more than 5% in the Company:

NOTE NO : 10 Equity Shares	As At March 31, 2018		As At March 31, 2017	
	Number of shares	% of Holding	Number of shares	% of Holding
Shah Alloys Limited	3,02,56,989	35.61	3,02,56,989	35.61
SAL Care Pvt Limited	1,27,02,900	14.95	1,27,02,900	14.95
Total	4,29,59,889	50.56	4 29 59 889	50.56

NOTE NO : 11	As At March 31, 2018		As At March 31, 2017		As At April 01, 2016	
Other Equity :						
Securities Premium Account						
Opening Balance	2,878.20		2878.20		2878.20	
Add : Addition during the year					0.00	
	2,878.20	2,878.20	2878.20	2878.20	2878.20	2878.20
Capital Reserve				0.00		0.00
Opening Balance	800.00		800.00		800.00	
Add : Addition during the year	-		-		-	
	800.00	800.00	800.00	800.00	800.00	800.00
General Reserve						
Opening Balance	5.11	5.11	5.11		5.11	
Add : Addition during the year	-		-	5.11	-	5.11
Retained Earnings						
Balance Brought Forward From Previous Year	-16060.74		-16148.43		-12838.58	
Adjustment as per IND AS						
add Deferred tax adjustment due to indas	-		-		864.10	
Less: Adjusment on account of Indas	-		-		1297.10	
	-16060.74		-16148.43		-13271.58	
Add: Profit/(Loss) for the year	4239.06		87.69		-2876.85	
	-11821.68		-16060.74		-16148.43	
		-11821.68		-16060.74		-16148.43
Other Comprehensive Income						
(a) Remeasurements of Defined Benefit Plans (net of Tax)						
Balance as per last Financial year	-4.91				0.00	
Add: For the Year	-15.96					
Closing Balance	-20.87	-20.87	-4.91	-4.91	0.00	0.00
		-8117.50		-12372.52		-12465.12

NOTE NO : 12	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
Borrowings :			
(a) Loan (refer note 1 below)			
Invent Assets Securitization & Reconstruction Pvt. Ltd.	16729.44	16895.77	16141.49
	16729.44	16895.70	16141.49

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

Secured Borrowings:**(a) Nature of security and terms of repayment for secured borrowings:**

- (a) The above loan is secured by way of Land Bearing Surety no 243 & 245 situated at Bharpur, Taluka Gandhidham District - Kutch. Further Secured by way of all movable assets both present and future belonging to the company.
- (b) Further secured by way of personal guarantees of (i) Shri Rajendrabhai V. Shah (ii) Smt. R.R. Shah (iii) Shri Jayesh V. Shah (iv) and Corporate Guarantee of M/s Shah Alloys Limited.
- (c) Further secured by way of Pledge of 10756989 equity shares of Shah Alloys Ltd pledged to Consortium members

Repayment Schedule

Name of ARC	payable in 2018-19	payable in 2019-20	payable in 2020-21	payable in 2021-22	payable in 2022-23
Invent Assets Securitization & Reconstruction Pvt. Ltd.	722.06	722.06	1444.12	2166.18	12397.08
Total	722.06	722.06	1,444.12	2,166.18	12,397.08

	As At March 31, 2018		As At March 31, 2017		As At April 01, 2016	
NOTE NO : 13						
Other financial liabilities :						
	Current maturities	Non-Current Portion	Current maturities	Non-Current Portion	Current maturities	Non-Current Portion
(a) Trade Deposit from Customers		44.05		44.05		44.05
(b) Trade Payables		502.27		319.75		331.35
		546.32		363.80		375.40

	As At March 31, 2018		As At March 31, 2017		As At April 01, 2016	
NOTE NO : 14						
Long term provisions :						
(a) Provision for Gratuity		56.66		61.44		54.40
(a) Provision for Leave Encashment		28.20		23.04		23.04
		84.86		84.48		77.44

	As At March 31, 2018		As At March 31, 2017		As At April 01, 2016	
NOTE NO : 15						
Other non-current liabilities :						
		Non-Current Portion		Non-Current Portion		Non-Current Portion
(a) Deferred sales tax Liability		67.89		90.52		113.15
		67.89		90.52		113.15

Unsecured Borrowings:**(a) Deferred sales tax liability :**

Deferred sales tax liability is interest free and payable in six equal annual installments of ₹ 22.63 lacs each payable from 1st May, 2016

	As At March 31, 2018		As At March 31, 2017		As At April 01, 2016	
NOTE NO : 16						
Trade payables : (refer note no.47)						
Total outstanding dues other than micro enterprises and small enterprises		2362.52		2880.09		2054.00
		2362.52		2880.09		2054.00

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
NOTE NO : 17			
Other financial liabilities :			
(a) Current maturities of long-term debt;	744.69	334.35	1088.81
(b) Intercompany Loans	13.91	1052.76	186.84
(c) Interest accrued but not due on borrowings;	0.00	7222.27	7222.27
	758.60	8609.38	8497.92

	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
NOTE NO : 18			
Other Current Liabilities :			
Advance from customers	146.64	187.50	133.75
Duties and taxes	5427.91	4220.10	2383.58
Deferred sales tax Liability	45.26	22.63	0.00
	5619.81	4430.23	2517.33

	As At March 31, 2018	As At March 31, 2017	As At April 01, 2016
NOTE NO : 19			
Provisions			
Provision for employee benefits	66.98	63.29	70.92
Provision for Gratuity	10.57	10.27	10.71
	77.55	73.54	81.63

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 20		
I. Revenue from operations		
A. Sale of Products		
Direct Export Turnover	5997.35	1859.90
Domestic Turnover		
Manufacturing	42973.93	37823.02
Trading	1737.64	44711.57
Gross Turnover	50708.92	39682.92
B. Other Revenue from operations	156.51	20.01
Total Revenue from operations	50865.43	39702.93

Details of product sold	As At March 31, 2018	As At March 31, 2017
Sponge Iron	32854.92	23355.91
Ferro Alloys (Including Trading sales of Rs 1737.64 lacs (P.Y Rs Nil)	10012.30	12262.17
Others	3424.38	78.43
Power	3932.74	3986.41
Cement	484.58	0.00
Total	50708.92	39682.92

*Figures including GST

Other operating revenue as under	As At March 31, 2018	As At March 31, 2017
Duty Drawback	156.51	21.21
Total	156.51	21.21

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 21		
Other Income :		
other Interest (TDS Rs 38923)(p.y Rs.53305/-)	4.92	4.16
Rent Income (TDS Rs 19200/-)(p.y 19200/-)	9.60	9.60
Miscellaneous receipts	0.00	1.20
Foreign exchange fluctuation Gain (Net)	196.38	124.15
Sundry balances written back(Net)	60.48	97.86
	271.38	236.97

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 22		
Cost of Materials Consumed:		
Raw Material Consumed:		
Opening Stock of Raw Material	3877.30	945.35
Add : Purchases	33218.62	26961.93
	37095.92	27907.28
Less : Closing Stock of Raw Material	3200.25	3877.30
	33895.67	24029.98

Class of Goods	2017-18		2016-17	
	QTY [MT]	Value (Amount ₹ in lacs)	QTY [MT]	Value (Amount ₹ in lacs)
Iron Ore / Fines / Pallates	2,59,671.000	13,819.54	2,35,842.48	13,825.92
Steam Coal	1,37,109.974	7,969.56	1,25,662.78	5,916.42
Chrome Ore	27,167.65	4,761.71	28,639.80	3,509.29
Others		7,344.86		778.35
TOTAL :-		33,895.67		24,029.98

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 23		
Purchase of Stock-in-Trade (Ferro alloys)	1210.23	0.00
Total	1210.23	0.00

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 24		
Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-progress		
Opening Stock		
Finished Goods	1102.95	898.26
Stock-in-Progress	89.41	19.62
	1192.36	917.89
Less : Closing Stock		
Finished Goods	2974.93	1102.95
Stock-in-Progress	507.69	89.41
	3482.62	1192.36
Increase/(Decrease) in Stock of Finished Goods & Stock-in-Progress	-2290.26	-274.48

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

Class of Goods	Opening Stock				Closing Stock			
	As at 01.04.2016		As at 01.04.2017		As at 31.03.2017		As at 31-03-2018	
	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)
FINISHED GOODS, WASTE PRODUCTS & BY-PRODUCTS:								
Sponge Iron	2,486.21	337.52	2,806.92	441.32	2,486.21	337.52	1193.077	203.33
Ferro Chrome	794.084	412.46	708.254	640.13	794.084	412.46	413.191	325.82
Trading	0	0	0	0	0	0	7206.4	2409.39
Others		148.29		21.5		148.29		36.39
TOTAL:		898.27		1,102.95		898.27		2974.93

Product	2017-18 (Amount ₹ in lacs)	2016-17 (Amount ₹ in lacs)
Sponge Iron	25.90	26.76
Ferro Alloys	481.78	62.65
TOTAL	507.68	89.41

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 25		
Excise duty		
Excise duty on Sales	963.00	3641.77
	963.00	3641.77

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 26		
Employee benefits expenses		
Salary & Bonus	1258.75	1175.06
Contribution to Provident Fund etc.	66.65	62.36
Staff welfare expenses	73.89	41.01
	1399.29	1278.43

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 27		
Finance Costs		
Interest to Others	115.70	73.06
	115.70	73.06

	As At March 31, 2018	As At March 31, 2017
NOTE NO : 28		
Other Expenses		
Stores & Spares Consumed :		
Opening Stock	927.96	1055.26
Add : Purchases	1652.34	1064.72
	2580.30	2119.98
Less: Closing Stock	827.84	927.96
	1752.46	1192.02

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

Power & fuel (Including cost of power generation)	5266.39	4849.63
Repairs & Maintenance :		
Machinery	51.31	39.94
Building	10.61	1.64
Others	39.48	81.96
Labour charges	780.02	546.41
Freight outward	1156.47	643.10
Audit Fees*	8.00	5.50
Bad Debts	0.00	0.04
Sales Commission	17.88	19.85
General/ Miscellaneous Expenses	495.36	819.94
Insurance Expenses	12.59	6.74
Legal & Professional Charges	105.65	188.02
Service tax	9.94	13.10
Rent, Rate and Taxes	5466.40	1639.00
Excise duty adjustment for stock	-122.15	22.73
	15050.41	10069.62

Particulars	For the year ended 31 March, 2018 Rupees	For the year ended 31 March, 2017 Rupees
(i) Payments to the auditors comprises (Net of service tax input credit, where applicable):		
As auditors - Statutory Audit /Tax Audit	8.00	5.50
- Taxation Matters	-	-
- Management services	-	-
- Company Law Matters	-	-
- Certification Fees & Other Services	-	-
- Reimbursement of Expenses	-	-
Total	8.00	5.50

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
NOTE NO : 29		
Earnings Per Share :		
Basic/Diluted Earnings per Share		
Number of Equity Shares at the beginning of the year	849.67	849.67
Number of Equity Shares allotted during the year		
Number of Equity Shares at the end of the year	849.67	849.67
Weighted average number of equity shares		
Profit for the year (after tax, available for equity shareholders) In ₹	4239.06	87.68
Basic and Diluted Earnings Per Share ₹	4.99	0.10

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

Note : 30 Contingent liabilities and commitments (to the extent not provided for):	31 March, 2018	31 March, 2017
(A) Contingent liabilities:		
Disputed Excise Demand (Matter Under appeal)	1,682.24	1,762.34
Disputed Custom duty demand (Matter Under appeal)	50.00	241.79
Disputed Custom duty service tax demand (Matter Under appeal)	25.55	25.36
Disputed Value added Tax demand (Matter Under appeal)	839.46	544.35
Claims not acknowledge as debt against the company		
Banks / Financial institutions	-	7,273.37
Others	3,403.15	5,317.40
It is not practical for the company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/authorities.		
The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities applicable, in its financial statements. The company does not expect the outcome of these proceedings to have materially adverse impact on its financial results.		
(ii) Guarantees:		
Bank guarantee given	0.00	21.27

(B) Commitment:

Estimated amount of contracts, remaining to be executed on capital account and not provided for Rs.492.78 lac net of advance (Previous Year: ₹ 492.78 lac).

Commercial Tax Department has challenged by way of Tax Appeal before Supreme Court, the order of Gujarat High Court wherein Judgment of Joint Commissioner of Commercial Tax (Legal) was quashed and decided that non cooking coal used in the manufacturing process for Sponge Iron as raw material and eligible for ITC under Section 11 (3)(b). The result of the appeal will decide whether company has to claim amount of ITC or refund ITC already taken. However, amount of contingent liability cannot be ascertained.

31. The Company's current liabilities exceeded its current assets as at the 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, considering the profit earned by the company for the year ended on 31st March 2018 and considering the view of the management, the financial results of the Company have been prepared on a "going concern basis".

32. SEGMENT REPORTING:

The Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in Iron & Steel Industry. Further power generated in the company in its power plant is used for captive as well as trading purpose. In view of this, the company has to consider "Iron & Steel" and "Power" as Primary Reportable business segment, as per Indian Accounting Standard - 108 'Operating Segments'. 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 Indian Accounting Standard - 108 'Operating Segments'.

33 Financial and derivative instruments

- Capital Management

The company's objective when managing capital is to:

- Safeguard its ability to continue as a going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders.
- Maintain an optimal capital structure to reduce the cost of capital.

The company's Board of director's reviews the capital structure on regular basis. As part of this review the board considers the cost of capital risk associated with each class of capital requirements and maintenance of adequate liquidity.

Disclosures

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note (A) j, k, l and m.

(i) Categories of Financial Instruments

Particulars	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
Financial Assets			
Measured at Amortised Cost			
(i) Trade and Other Receivables	3737.64	5380.53	4038.42
(ii) Cash and Cash Equivalents	241.86	123.67	111.23
(iii) Loans	12.63	12.34	7.5
(iv) Other Financial Assets	1357.85	1672.53	1497.88
Financial Liabilities			
Measured at Amortised Cost			
(i) Borrowings	17451.5	16895.77	16141.49
(ii) Trade Payables	2864.79	3199.84	2385.34
(iii) Other Financial Liabilities	80.59	8653.43	8541.97

(ii) Fair Value Measurement

This note provides information about how the Company determines fair values of various financial assets.

Fair Value of financial assets and liabilities that are not measured at fair value (but fair value disclosures are required).

Management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

(iii) Financial Risk Management Objectives

While ensuring liquidity is sufficient to meet Company's operational requirements, the Company's financial management committee also monitors and manages key financial risks relating to the operations of the Company by analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk and price risk), credit risk and liquidity risk.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: in-interest rate, currency risk and other price risk, such as commodity price risk and equity price risk. Financial instruments affected by market risk include FVTPL investments, trade payables, trade receivables, etc.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. The Company has a treasury department which monitors the foreign exchange fluctuations on the continuous basis and advises the management of any material adverse effect on the Company.

Interest Rate Risk

The Company's interest rate risk arises from the Long Term Borrowings with fixed rates. The Company's fixed rates borrowings are carried at amortised cost.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents including bank deposits and availability of funding through an adequate amount of committed credit facilities to meet the obligations when due.

Management monitors rolling forecasts of liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, liquidity management also involves projecting cash flows considering level of liquid assets necessary to meet obligations by matching the maturity profiles of financial assets & liabilities and monitoring balance sheet liquidity ratios.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

The following are the contractual maturities of non-derivative financial liabilities, based on contractual cash flows:

Particulars	Due in 1 Year	1 Year - 3 Years	More than 3 Years	Total
As at 31st March, 2018				
Borrowings	722.06	2166.18	14563.26	16729.44
Trade Payables	2362.52			2362.52
Other Financial Liabilities	758.6	546.32		1304.92
Total	2399.06	502.27	17495.55	20396.88
As at 31st March, 2017				
Borrowings			16895.77	16895.77
Trade Payables	2880.09	319.75		3199.84
Other Financial Liabilities	8609.38		363.80	8973.18
Total	11489.47	319.75	16939.82	28749.04
As at 1st April, 2016				
Borrowings			16141.49	16141.49
Trade Payables	2054.00			2054.00
Other Financial Liabilities	8497.92		375.40	8873.31
Total	10551.92	331.34	16185.54	27068.8

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade Receivables

An impairment analysis is performed at each reporting date on an individual basis for all the customers. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables disclosed in Note 3 and 7, as the Company does not hold collateral as security. The Company has evaluated the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries.

The Company has a detailed review mechanism of overdue customer receivables at various levels within organisation to ensure proper attention and focus for realisation.

Particulars	Upto 1 Year	1 Year - 3 Years	More Than 3 Years	Total
As at 31st March, 2018				
Loans to Employees	12.63			12.63
Trade Receivables	3469.63	268.01		3737.64
Other Financial Assets				
Total	3482.26	268.01		3750.27
As at 31st March, 2017				
Loans to Employees	12.34			12.34
Trade Receivables	5029.03	351.50		5380.53
Other Financial Assets				
Total	8523.63	619.51		5392.87

34. Disclosures Regarding Employee Benefits

As per Indian Accounting Standard 19 "Employee Benefits" the disclosures are given below:

Defined Contribution Plan

Contribution to defined contribution plan, recognized as expense for the year is as under:

Particulars	2017-18	2016-17
Employers contribution to provident fund	43.33	55.25

- (i) Defined Contribution Plan: Employee benefits in the form of Provident Fund are considered as defined contribution plan and the contributions to Employees Provident Fund Organization established under The Employees Provident Fund and Miscellaneous Provisions Act 1952 and Employees State Insurance Act, 1948, respectively, are charged to the profit and loss account of the year when the contributions to the respective funds are due.
- (ii) Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligation and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.
- As the Company has not funded its liability, it has nothing to disclose regarding plan assets and its reconciliation.
- (iii) Major risk to the plan
- I have outlined the following risks associated with the plan:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the as-sumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of as-sets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

(iv) Defined Benefit Cost

Particulars	For the year ended 31 March, 2018 ₹ in Lacs	For the year ended 31 March, 2017 ₹ in Lacs
Current Service Cost	17.75	16.75
Interest Expense on Defined Benefit Obligation (DBO)	4.76	4.75
Defined Benefit Cost included in Profit and Loss	-	-
Remeasurements - Due to Financial Assumptions	-2.19	3.95
Remeasurements - Due to Experience Assumptions	-	-
Remeasurements - Due to Experience Adjustments	-22.33	-11.06
Defined Benefit Cost included in Other Comprehensive Income	-24.52	-7.11
Total Defined Benefit Cost in Profit and Loss and OCI	-1.20	14.39

(v) Movement in Defined benefit liability:

(Amount ₹ in Lacs)

Particulars	For the year ended 31 March, 2018 Rupees	For the year ended 31 March, 2017 Rupees
Opening Defined Benefit Obligation	71.71	65.11
Interest Expense on Defined Benefit Obligation (DBO)	-	-
Current Service Cost	17.75	16.75
Total Remeasurements included in OCI		
Less: Benefits paid	3.28	7.78
Less: Contributions to plan assets		
Closing benefit obligation	67.23	71.71
Current Liabilities of Closing benefit obligation	10.57	10.27
Non-Current Liabilities of Closing benefit obligation	56.66	61.44

(vi) Sensitivity Analysis of Defined Benefit Obligation:

Particulars	2017-18	2017-18
(A) Discount rate Sensitivity		
Increase by 0.5%	64.94	68.70
(% change)	-3.40%	-4.19%
Decrease by 0.5%	69.67	73.93
(% change)	3.64%	3.09%
(B) Salary growth rate Sensitivity		
Increase by 0.5%	69.64	73.88
(% change)	3.58	3.02%
Decrease by 0.5%	64.98	68.74
(% change)	3.35%	-4.15%
(C) Withdrawal rate (W.R.) Sensitivity		
W.R. x 110%	67.21	71.15
(% change)	-0.02%	-0.78
W.R. x 90%	67.20	71.26
(% change)	0.04%	-0.63

(vii) Actuarial assumptions:

Particulars	For the year ended 31 March, 2018 Rupees	For the year ended 31 March, 2017 Rupees
Mortality Table : Indian Assured Lives Mortality (2006-08) Table		
Discount Rate (per annum)	7.60%	7.15%
Rate of escalation in salary (per annum)	6.00%	6.00%
Withdrawal rate	15% at younger ages reducing to 3% at older ages	15% at younger ages reducing to 3% at older ages

(viii) The above details are certified by the actuary.

35. Management is of the view that they do not anticipate execution of its ongoing capital projects. However, the Company has not made ad-equate provision towards recovery of advances for the said capital projects for the amount of Rs. 912.32/- which are currently shown under Other Non Current assets as Advance for capital Goods 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 Rs 2.37 lacs made in the books of

accounts.

36. The Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of Ind AS 109 'Financial Instruments and hence, the effect of the same, if any, on the financial results is not identifiable.
37. The Company's current liabilities exceeded its current assets as at the 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, considering the profit earned by the company for the year ended on 31st March 2018 and considering the view of the management, the financial results of the Company have been prepared on a "going concern basis".

38. RELATED PARTY DISCLOSURES:

(a) List of Related Parties and Relationships:

i. Concern where significant interest exists.

Name of the Concern	Nature of Relationship
Shah Alloys Limited	Promoter Group Company
SAL Care Private Limited	Promoter Group Company
SAL Corporation Pvt Ltd	Promoter Group Company

ii. Key Management Personnel

Name of the Key Management Personnel	Nature of Relationship
Shri Rajendra V Shah	Chairman
Shri Sujal A Shah	Executive Director
Shri B M Singhal	Whole Time Director Cum CFO
Shri Anil Pandya	Whole Time Director
Shri Ambalal C Patel	Independent Director
Shri Tejpal S Shah	Independent Director
Shri Harshad M Shah	Independent Director
Shri Jethalal M Shah	Independent Director
Shri Shrikant N Zaveri	Independent Director
Smt Shefali M Patel	Independent Director
Shri Jayant J Garai	CEO
Shri Nirajkumar Jain	Company Secretary

(Related Parties have been identified by the Management)

(b) Disclosure of Related Party Transactions

(Amount ₹ in Lacs)

Sr No.	Related Party	Nature of Transac-tion	2017-18	2016-17
1.	Shah Alloys Limited	Purchases	5176.32	194.71
		Sales (Incl Power)	21086.43	17043.96
		Rent Income	9.60	9.60
		Balance as at the year end	2560.86	4900.28
2.	SAL Corporation Pvt Ltd	Loan repaid	108.94	0.00
		Interest	0.49	8.97
		Balance as at the year end	929.91	108.94
3.	SAL Care Pvt Ltd	Loan taken	412.79	0.00
		Loan repaid	1286.16	35.88
		Interest	56.54	00.00
		Balance as at the year end	0.00	929.91
	Key Management Personnel			
4.	Mr. Sujal Shah	Salary	4.32	4.32
5.	Mr. B.M Singhal	Salary	4.92	4.92
6.	Mr. Anil Pandya	Salary	4.80	4.80
7.	Mr. Jayant Garai	Salary	28.00	0.00
8.	Mr. Nirajkumar Jain	Salary	4.20	3.60

39. Certain Balance of Debtors, Creditors, Loans & Advances for Capital expenditures are non- moving / sticky since last 3 years. However in view of the management, the same is recoverable / payable. Hence no provision for the same is made in the books of accounts.
40. The company with effect from 22nd February 2018 for the entire dues in re-spect of various facilities and assistance provided by Union bank of In-dia, State Bank of Saurashtra, State Bank of India and State Bank of Hyderabad which is now assigned to Invent Assets Securitization & Reconstruction Pvt. Ltd. The company has accounted for the Waiver of Interest portion (as per the books of the company) as Income 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 Rs 18051.50 lacs towards full and final settlement against the total liability (Principal and Interest) of Rs 24430 lacs resulting in to the waiver of liability (Principal and Interest as per the books of the company) for the amount of Rs 6378.26 lacs. The said waiver of liability (Interest) for the amount of Rs 6378.26 has been shown as income in the Statement of Profit and loss and has been reflected as an Exceptional Item in the Statement of Profit and loss for the year ended on 31st March 2018.
41. The balance confirmation from the suppliers, customers as well as to vari-ous loans or advances given have been called for, but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables as well as loans and advances have been taken as per the books of accounts submitted by the company and are subject to confirmation from the respective parties
42. Vide the Order of Hon'ble National Company Law Tribunal (NCLT), Ah-medabad Bench dated 6th Sep 2017 [C P (IB) no. 94/9/NCLT/AHM/2017] which had admitted the company under Corporate Insolvency Resolution Process (CIRP) under section 9(5)(i) of the Insolvency and Bankruptcy Code, 2016 and accordingly appointed Interim Resolution Professional (IRP). However, on the basis of the records produced before us, and as explained to us, the promoters of the company have entered in to a settlement with operational creditor who had filed application before Hon'ble NCLT, Ahmedabad and obtained no objection from other operational credi-tors as well as financial creditors and moved a petition under Article 142 of the constitution before the Hon'ble Supreme Court of India, New Delhi. As per the order dated 10th January 2018 of the Hon'ble Supreme court of India, the order passed by the Hon'ble NCLT, Ahmedabad dated 06th September, 2017 has been set aside and accordingly the CIRP proceedings have been effectively discontinued and powers of the Board of Directors of the Company have been reinstated.
43. The company against whom an application for Corporate Insolvency Resolution Process (CIRP) has been admitted under the Insolvency & Bank-ruptcy Code 2016 vide order of the National Company Law Tribunal Ahmed-abad dated 06th Septemeber, 2017 [CP(IB) No.94/9/NCLT/AHM/2017] u/s 9 of the IBC 2016 and in line with the press release of the CBDT dated 06th Janudary, 2018, while computing the liability of MAT u/s 115JB of the Income Tax Act the amount of total loss brought forward (including unabsorbed de-preciation) has been allowed to be reduced from the book profit for the year under review.
44. 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.
45. Inventories are as taken, valued and certified by the management.
46. **Deferred Tax Assets/(Liability)**

The breakup of Deferred Tax as at 31.03.2018 is as under.

(Amount ₹ in Lacs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Deferred Tax Liabilities.		
- Timing Difference of Depreciation (Deferred tax liability)	2,597.32	2,310.06
Deferred Tax Assets.		
- Gratuity & other Payment (Deferred Tax Liability)	60.25	2,283.61
- Unabsorbed Loses	963.86	618.76
Net Deferred Tax Liability/(Assets)	1,573.21	(592.31)

47. 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. However, on prima facie scrutiny, no interest has been paid to suppliers.

48. Earning in Foreign Exchange

(Amount ₹ in Lacs)

Sr No.	Particulars	2017-18	2016-17
i)	FOB Value of exports	6469.11	1952.45

Notes to the Financial Statements for the year ended 31st March 2018

(Amount ₹ in Lacs)

49. Value of imports calculated on C.I.F. basis during the financial year

	2017-18 (Amount ₹ in lacs)	2016-17 (Amount ₹ in lacs)
Raw Materials	16,699.02	9072.14

50. Value of Raw Materials, Stores, and Chemical & Spares consumed during the year:

	(Amount ₹ in lacs)		% of Total Consumption	
	2017-18	2016-17	2017-18	2016-17
Raw Materials:				
i) Imported	20,111.37	9,072.14	37.75	37.75
ii) Indigenous	13,784.30	14,957.84	62.25	62.25
Total	33,895.67	24,029.98	100.00	100.00
Stores, Spares & Chemical:				
i) Imported	0.00	0.00	0.00	0.00
ii) Indigenous	1752.46	1192.02	100.00	100.00
Total	1,752.46	1,192.02	100.00	100.00

51. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-grouped / rearranged, wherever necessary to make them comparable with those of current year.

52. A) Effects of Ind AS adoption on Balance Sheet as at 31st March, 2017 and 1st April, 2016

Particulars		As At March 31, 2017 (End of last period presented as per IGAAP)			As At April 01, 2016 (Date of Transition)		
	Note No.	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
ASSETS							
Non- current Assets							
Property, Plant and Equipment	2	13,274.24		13,274.24	13,974.61	(0.00)	13,974.61
Capital work-in-progress		2,470.25	0.00	2,470.25	2,470.25	0.00	2,470.25
Other Intangible assets		5.77	-	5.77	5.77	-	5.77
Financial Assets							
(i) Investments			-			-	
(ii) Trade receivables		-	351.50	351.50	-	278.81	278.81
(iii) Loans	4	-	12.34	12.34	-	7.50	7.50
(iii) Others	5	674.48	(82.18)	592.30	771.90	92.20	864.10
Other non-current assets	5	167.37	821.35	988.71	166.97	976.18	1,143.15
Current assets							
Inventories		6,020.33	-	6,020.33	2,920.14		2,920.14
Financial Assets			-			-	
(i) Investments		-	-		-	-	-
(ii) Trade receivables		5,380.53	(351.50)	5,029.03	4,038.42	(278.81)	3,759.61
(iii) Cash and cash equivalents	8	123.67	(0.00)	123.67	111.23	-	111.23
(iv) Bank balances other than (iii) above		-	-	-	-	-	-
(v) Loans		843.01	(843.01)	-	566.52	(566.52)	-
Other current assets	9		683.81	683.81		354.73	354.73
Total Assets		28,959.65		29,551.95	25,025.81		25,889.90

EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share capital		8,496.67	-	8,496.67	8,496.67	-	8,496.67
(b) Other Equity	Equity Reco	(11,317.12)	(1,055.40)	(12,372.52)	(12,006.37)	(458.75)	(12,465.12)
LIABILITIES							
Non-current liabilities							
Financial Liabilities							
(i) Borrowings	12	90.52	16,805.24	16,895.77	424.92	15,716.57	16,141.49
(ii) Other Financial Liabilities		44.05	-	44.05	44.05	-	44.05
Provisions		84.48	0.00	84.48	77.43	0.01	77.44
Deferred tax liabilities (Net)			-			-	
Other non-current liabilities	15	-	410.27	410.27	-	444.50	444.50
Deferred Revenue			-			-	
Current liabilities							
Financial Liabilities							
(i) Borrowings		7,982.48	(7,982.48)		7,116.57	(7,116.57)	-
(ii) Trade payables							
Total outstanding dues of micro enterprises and small enterprises							
Total outstanding dues of creditors other than micro enterprises and small enterprises							
		3,147.57	(267.48)	2,880.09	2,307.33	(253.33)	2,054.00
(iii) Other financial liabilities	17	-	8,609.38	8,609.38	-	8,497.92	8,497.92
Other current liabilities	18	20,357.45	(15,927.23)	4,430.21	18,483.58	(15,966.25)	2,517.33
Provisions	19	73.54	0.00	73.54	81.63	0.00	81.63
Current Tax Liabilities (Net)		-	-	-	-	-	
Total Equity and Liabilities		28,959.64		29,551.94	25,025.81		25,889.91

A) EQUITY SHARE CAPITAL

Particulars		
For the year ended 31st March, 2018		
Balance as at 1st April 2017		8496.67
Changes in equity share capital during the year		0
Issued during the year		0
Balance as at 31st March 2018		8496.67
For the year ended 31st March, 2017		
Balance as at 1st April 2016		8496.67
Changes in equity share capital during the year -		0
Balance as at 31st March 2017		8497.67

B) OTHER EQUITY**Reconciliation of Other Equity as at 1st April 2016**

Particulars	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period	5.11	2,878.20	800.00	(12,838.59)	-	(9,155.27)
Adjustments as per Ind AS	-	-	-	(433.00)	-	(433.00)
Profit for the year	-	-	-	(2,876.85)	-	(2,876.85)
Balance at the end of the reporting period	5.11	2,878.20	800.00	(16,148.43)	-	(12,465.12)

Reconciliation of Other Equity as at 31st March 2017

Particulars	General Reserve	Securities Premium Reserve	Capital Reserve	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period	5.11	2,878.20	800.00	(16,148.43)	-	(12,465.12)
Dividend on Equity Shares	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-
Adjustments as per Ind AS	-	-	-	-	4.91	4.91
Profit for the year	-	-	-	87.68	-	87.68
Balance at the end of the reporting period	5.11	2,878.20	800.00	(16,060.74)	4.91	(12,372.52)

Notes to first time adoption

a Property Plant and Equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment as at 1st April 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

b Re-Classification

Assets / liabilities which do not meet the definition of financial asset / financial liability have been reclassified to other asset / liability.

c Prior Period Items

This company has recorded a prior period error in the FY 2016-17 pertaining to the year FY 2015-16. Hence the same is adjusted in the opening reserves of the Balance Sheet as at 1-4-2016. Moreover, the prior period error with respect to the FY 2016-17, which was to be recorded in FY 2017-18, has been adjusted under the head Other Admin Expenses in the Statement of Profit or Loss.

d Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of statement of profit and loss as part of expenses

e Deferred Tax

As per Ind AS 12, Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date. On transition date, certain adjustments were made by charge/ credit to profit and loss account. The tax effect of such adjustments resulting into deferred tax asset of Rs. 864.10 lacs has been recognised by credit to retained earnings. This is on account of the fact that upto this period, deferred tax asset on unabsorbed depreciation and brought forward losses were not recognized since as per the consideration of "Prudence" under AS 22 as well as Ind AS 12, the same is not permitted. Now, as per the management contention, there is a reasonable and virtual certainty that sufficient future taxable income shall be available against which such deferred tax assets can be realized. The virtual certainty has been established on the basis of speedy reduction of current losses

f Actuarial gain/(loss) on Defined Benefit plans for Employee Benefits:

Under Ind AS, the change in defined benefit liability is split into changes arising out of service and interest cost and changes arising out of remeasurements. Changes due to "service and interest cost are to be recognised in Profit and Loss account and the changes arising out of re-measurements are to be recognised directly in Other Comprehensive Income (OCI).

NOTE NO -46 TAX RECONCILIATION

Income taxes recognised in Statement of Profit and Loss

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Current tax		
In respect of the current year	-	-
(Excess)/Short provision for tax of earlier years	-	-
	-	-
Deferred tax(credit) /Charged	2,156.95	269.60
Total income tax expense recognised in respect of continuing operations	2,156.95	269.60

Tax reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit before taxes	-	-
Enacted tax rate in India	34.940%	30.900%
Expected income tax benefit/(expense) at statutory tax rate	-	-
Effect of:		
Deferred tax(credit) /Charged	2,157	270
Income taxes recognised in the Statement of Profit and Loss	2,156.95	269.60

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% and cess @ 3% payable by corporate entities in India on taxable profits under the Indian tax laws.

Income tax recognised in other comprehensive income

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	(8.57)	(2.20)
Total income tax recognised in other comprehensive income	(8.57)	(2.20)
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to Statement of Profit and Loss	(8.57)	(2.20)
Income tax recognised in other comprehensive income	(8.57)	(2.20)

Note: Deferred tax liability has been calculated using effective tax rate of 34.94%

Components of deferred tax assets and liabilities

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
De(a) Deferred tax liabilities		
Difference between book and tax depreciation	2,597.32	2,310.06
	2,597.32	2,310.06
(b) Deferred tax assets		
Disallowances of employee benefits u/s. 43B of the Income Tax	60.25	2,283.61
Unabsorbed loss	963.86	618.76
	1,024.11	2,902.37
Deferred Tax Liabilities (Net)	1,573.21	(592.31)

NOTE NO -53 RECONCILAITON OF PROFIT AND LOSS

RECONCILIATION OF PROFIT AND LOSS ACCOUNT	
NET PROFIT FOR THE YEAR ENDED 31.3.2017 AS PER GAAP	689.25
ADJUSTMENTS AS PER IND AS	
Positive Adjustments	
Exice duty	3641.77
Reclassification of Acturial Loss on Defined benefit plans to Other Comprehensive income	7.11
Negative adjustments	
Prior period expenditure	324.86
Reclassification of Acturial Loss on Defined benefit plans to Other Comprehensive income	7.11
Exice duty	3641.8
Tax Impact of Indas Adjustment	2.20
Deffered Tax impact of INDAS	269.60
	4,245.53
NET PROFIT FOR THE YEAR ENDED 31.3.2017 AS PER IND AS	92.60

The accompanying Notes 1 to 53 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors

For Parikh & Majmudar
Chartered Accountants
(Firm Regn.No.107525W)

CA Dr. Hiten Parikh
Partner
Membership No.040230
PLACE : AHMEDABAD
DATE : 30th May,2018

Rajendra V. Shah	Chairman
B M Singhal	Whole Time Director Cum CFO
Anil Pandya	Whole Time Director
Nirajkumar Jain	Company Secretary

S.A.L. STEEL LIMITED

CIN: L29199GJ2003PLC043148

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 15TH ANNUAL GENERAL MEETING of the Company held on Saturday, 29th September, 2018 at 10:00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380 060.

Signature of the Shareholder | Proxy

* Applicable for investors holding shares in electronic form.

S.A.L. STEEL LIMITED

CIN: L29199GJ2003PLC043148

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

Form No. MGT- 11

PROXY FORM

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

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

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

- 1) _____ of _____
having e-mail id _____ or failing him
- 2) _____ of _____
having e-mail id _____ or failing him
- 3) _____ of _____
having e-mail id _____ 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 **15th ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 29th September, 2018 at 10:00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO	Resolutions
1	Adoption of financial statements for the year ended on March 31, 2018.
2	Reappointment of Shri Anil Pandya as Director who retire by rotation.
3	Approval of Related party transactions for the financial year 2018-19.
4	Fixation of Remuneration of Cost Auditors.
5	Approval for continuation of directorship of Shri J M Shah.
6	Approval for continuation of directorship of Shri Shrikant Jhaveri.
7	Approval for continuation of directorship of Shri A C Patel.

Signed this _____ day of _____ 2018

Affix
Revenue
Stamp

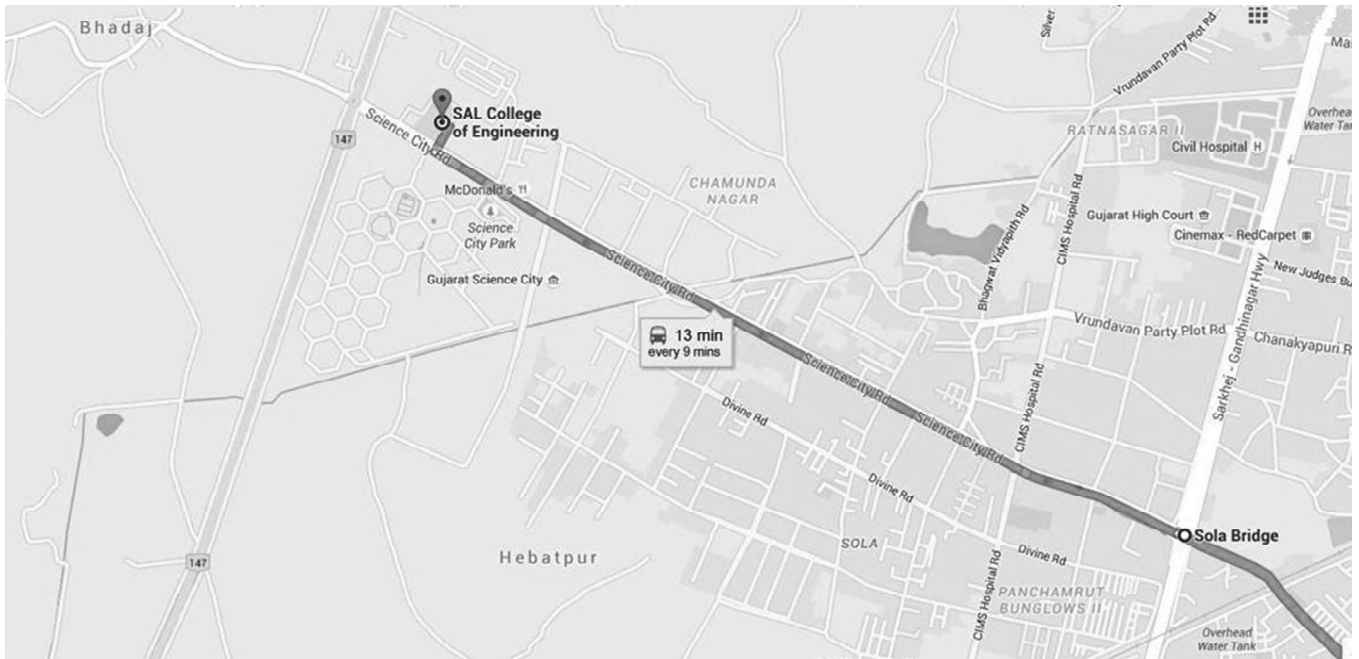
Signature of first proxy holder

Signature of Second proxy holder

Signature of Third proxy holder

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





If undelivered please return to:

ADMINISTRATIVE OFFICE

SAL Corporate House, Sola-kalol Road,
Santej - 382721, Ta.Kalol, Dist. Gandhinagar
www.salsteel.co.in

CIN:L29199GJ2003PLC043148