

SAL SHAH ALLOYS LTD.

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

February 10, 2018

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

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

BSE Scrip Code: 513436

NSE Symbol – SHAHALLOYS

**Sub: Board Meeting for considering Unaudited Financial Results
for the Quarter & Nine month Ended on 31.12.2017**

With reference to above, kindly be informed that the Board of Directors of the company in its meeting held today have considered the Unaudited Quarterly Results along with Limited Review Report for the quarter & nine month ended as on 31.12.2017. A copy of approved results along with Limited Review Report is enclosed for ready reference. *[The aforesaid Board Meeting commenced at 03:30 p.m. and concluded at 05:15 p.m.]*

Kindly take the above on your record.

Thanking you,

Yours faithfully,

for Shah Alloys Ltd



Company Secretary

Encl: a/a

CIN - L27100GJ1990PLC014698

SHAH ALLOYS LIMITED

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

CIN : L27100GJ1990PLC014698 WWW.SHAHALLOYS.COM

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31ST DECEMBER, 2017

Amount (Rs In Crores)

	Particulars	QUARTER ENDED			NINE MONTH ENDED		YEAR ENDED
		31/12/2017	30/09/2017	31/12/2016	31/12/2017	31/12/2016	31-03-2017
		(Un Audited)	(Un Audited)	(Un Audited)	(Un Audited)	(Un Audited)	(Audited)
I	Revenue from Operations	197.09	115.75	89.79	426.46	261.75	348.97
II	Other Operating Income	0.06	0.29	0.17	0.52	0.60	0.90
	Other Non Operating Income	6.56	0.00	0.00	6.56	0.00	80.98
III	Total Revenue (I + II)	203.71	116.04	89.96	433.54	262.35	430.85
IV	Expenses						
	(a) Cost of materials consumed	77.00	74.81	54.65	217.04	156.93	212.64
	(b) Changes in inventories of finished goods, work-in-progress	50.27	(9.41)	(13.27)	53.18	(21.61)	(35.72)
	(c) Employee benefits expense	4.73	4.25	3.04	12.91	8.86	12.11
	(d) Excise Duty on Sales	0.00	0.00	9.71	12.30	28.21	37.59
	(e) Finance costs	0.05	3.30	3.32	0.07	11.05	14.33
	(f) Depreciation and amortisation expense	3.41	3.41	3.47	10.23	10.43	13.74
	(g) Consumption of Stores & Spares	12.42	8.51	9.18	30.25	26.63	35.64
	(h) Power cost	16.31	17.25	15.60	49.68	46.39	60.58
	(i) Other Expenditure	33.81	14.05	7.84	54.02	19.63	27.47
	Total Expenses (a) to (i)	198.00	116.17	93.54	439.68	286.52	378.38
V	Profit / (Loss) Before exceptional and extraordinary items and tax (III - IV)	5.71	(0.13)	(3.58)	(6.14)	(24.17)	52.47
VI	Exceptional Item	28.74	0.00	0.00	28.74	0.00	0.00
VII	Profit / (Loss) after exceptional and before extraordinary items and tax (V+VI)	34.45	(0.13)	(3.58)	22.60	(24.17)	52.47
VIII	Deferred Tax	11.59	3.46	(0.63)	38.77	(7.58)	10.11
IX	Net Profit / (Loss) for the period from continuing operations (VII -VIII)	22.86	(3.59)	(2.95)	(16.17)	(16.59)	42.36
X	Profit / (Loss) From discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00
XI	Tax Expense of discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00
XII	Profit / (Loss) From discontinuing operations (after tax) (X-XI)	0.00	0.00	0.00	0.00	0.00	0.00
XIII	Net (Loss) profit for the period (IX - X)	22.86	(3.59)	(2.95)	(16.17)	(16.59)	42.36
XIV	Share of Loss of Associate Concern	0.00	0.00	0.00	0.00	0.00	0.00
	Other Comprehensive income	4.82	(4.97)	0.07	4.68	0.21	0.00
XV	Total Income after Comprehensive income	27.68	(8.56)	(2.88)	(11.49)	(16.38)	42.36
	Earnings per equity share:						
XVI	Paid-up equity share capital (Equity shares having face value of Rs. 10/- each)	19.80	19.80	19.80	19.80	19.80	19.80
XVII	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						(279.68)
XVII	Earnings per share (of Rs. 10/- each) (not annualised)						
	I						
	(1) Basic	11.55	(4.32)	(1.46)	(8.17)	(8.27)	21.39
	(2) Diluted	11.55	(4.32)	(1.46)	(8.17)	(8.27)	21.39

Kamali

Notes:

- 1 The above Unaudited results were reviewed by the Audit Committee and approved by Board of Directors in the meeting held on 10th February, 2018.
- 2 Results for the quarter ended December 31, 2017 have been prepared in accordance with The Companies (Indian Accounting Standards) Rules, 2015 (IND AS) notified by the Ministry of Corporate Affairs. The results for the quarter ended December 31, 2017 have been restated as per IND AS and are comparable on like to like basis
- 3 Dues on account of maturity of Foreign Currency Convertible Bonds (FCCB) on Dt.22-09-2011, have been frozen on maturity and accordingly exchange rate fluctuation has not been considered thereafter
- 4 In spite of heavy accumulated losses, company has prepared financial results on a going concern basis since company has been actively negotiating with ARCs and lenders. Company is in final stage of settlement with ARCs for settlement of dues of Karur Vysya Bank, IDBI Bank, Bank of Maharashtra and Punjab National Bank assigned to ARCs and expects to settle soon.
- 5 Income of Rs. 28.74 Crores shown in exceptional Item is on account of refund of Electricity Duty based on the order of the authority.
- 6 As at the Quarter end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the previous year and the Company's current liabilities exceed its current assets as at the current quarter and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating with the ARC / lenders for settlement.
- 7 Reconciliation of results (Stand alone) between previously reported (referred to as "Previous GAAP" and IND AS for the quarters are presented as under :

Particulars	Nine Month 31st Dec, 2016
Net Profit under Previous GAAP	(16.59)
Employee benefits - Actuarial Gain / (Loss) recognized in OCI	0.21
Total comprehensive income under IND AS	(16.38)

- 8 The above result does not include IND As compliance results for the preceding quarter and previous year ended March 31, 2017 as it is not mandatory as per SEBI circular dated July 5, 2016
- 9 The format for above results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with requirements of SEBI's Circular dated July 5, 2016, IND AS and Schedule III [Division II] to the Companies Act, 2013 applicable to companies that are required to comply with IND AS.
- 10 The Ind-AS compliant financial results, pertaining to the relevant periods of the previous year as applicable, have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs.
- 11 The management expects that the loss of allowance if any as per Expected credit loss Method on the financial assets will not be material enough in the Nine month ended December 31, 2017 and hence, the Management has not given effect of the same in the financial results .
- 12 The management expects that the impact of "Effective Interest Method" to the Finance cost as per the Requirement of IND AS 109 on the financial Results will not be material enough in the Half year ended September 30, 2017 and hence, the Management has not given effect of the same in the financial results .
- 13 Consequent to the introduction of GST w.e.f July 1, 2017 the Excise duty is subsumed under GST. There is NIL amount in Excise Duty for the quarter ended December 2017.
- 14 With reference to above, we submit that regarding segment reporting as per Indian Accounting Standard 108 applies to business segments or geographical segments. In case of our company, we are manufacturing Steel products only and further our manufacturing is limited to locally only, as such Indian Accounting Standard 108 is not applicable to us.
- 15 Previous period figures have been regrouped and / or rearranged wherever necessary to make their classification comparable with the current period.

Place : Santej

Date : 10-02-2018


K S Kamath (DIN: 00261544)

Jt. Managing Director

**LIMITED REVIEW REPORT**

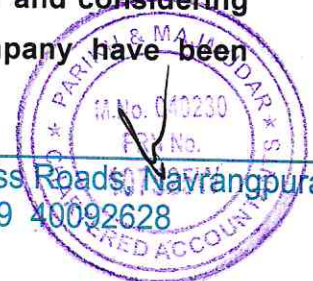
Review Report to
The Board of Directors.
Shah Alloys Limited

We have reviewed the accompanying statement of Unaudited Financial Results of Shah Alloys Limited (the Company) for the quarter ended December 31, 2017 being submitted by the company pursuant to the requirement of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim financial information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Without qualifying our opinion, we draw your attention to

- 1) Note 4 to the financial results of the Company with respect to accumulated losses and its net -worth. The Financial results Indicate that the Company has Incurred a net loss during the previous quarter(s) and, 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 in the quarter ended on 31st December 2017 and considering the management view, the financial results of the Company have been prepared on a going concern basis.**



- 2) Note 4 to the financial results which states that Company has settled/in Principally settled its dues with Asset Reconstruction companies (ARCs) which have been assigned by Banks to ARCs.
- 3) Attention is drawn to the fact that figures for the quarter ended on December 31, 2016 are based on the previously issued results that were reviewed by predecessor auditors vide their report dated 11th February, 2017. Further, we have not audited or reviewed the accompanying results and other financial information for the quarter and nine months ended December 31, 2016 which has been prepared solely based on the information compiled by the Management and on the basis of limited review made by predecessor auditors.
- 4) During the quarter under review, the Company has received Refund of Electricity Duty from Uttar Gujarat Vij Company limited (UGVL) vide their letter dated 27-11-17 amounting to Rs 28.74 Crores for the period from February 2008 to December 2016 and the same is shown under the Head "Exceptional Items" in the financial statements for the quarter ending on 31st December 2017.

Basis for Qualified Opinion

1. *The Company has not provided for foreign exchange loss in the financial results on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at December 31, 2017, which constitutes a departure from the Indian Accounting Standard- 21. "The Effects of Changes in Foreign Exchange Rates which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23. 2011 to December, 2017. Had the company followed the Accounting Standard and made the provision for foreign exchange on the above FCCB for the quarter ending on 31.12.2017, then the profit of the company for the quarter ending on 31.12.2017 would have been higher by Rs. 21169331 and to that extent the liability would*



have been lower. However, the company has not provided for foreign exchange fluctuation on the above FCCB since September 2011 and accordingly the total net loss on foreign exchange works out to Rs. 22,39,65,863 which has not been provided by the company. Thus, balance of Reserve and surplus and the current liabilities have been understated by Rs. 22,39,65,863 as on 31.12.2017.

2. *For the quarter ending on 31.12.2017 the company has discontinued to make the provision of interest on loans from banks and financial institutions (excluding loans assigned to various ARCs). Had the company continued the said practice of making provision of interest on loans from banks and financial institutions for the quarter ended on 31.12.2017 the profit of the quarter would have been lower by Rs.3.30 crores and current liabilities would have been higher to that extent. Further, the company has also made reversal of the interest provision made during earlier two quarters viz. 30.06.2017 and 30.09.2017 amounting to Rs.6.56 crores during the current quarter ending on 31.12.2017. Had the company not reversed the said provision of interest the profit of the company would have been further reduced by Rs.6.56 crores and current liabilities would have been increased to that extent as at 31.12.2017.*
3. 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 Quarterly results for the period ended December 31, 2017.
4. The Company has not evaluated the provisioning requirement of a loss allowance on its financial assets so as to give impact of impairment if any as per the expected credit loss method 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 Quarterly results for the period ended December 31, 2017



Qualified Conclusion

Except for the adjustment as stated above to the financial results that we might have become aware of had it not been for the situation described above, based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable Indian accounting standards and other recognized accounting practices and principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD 15/2015 dated November 30, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Date: 10-02-18

Place: Ahmedabad



For Parikh & Majmudar
Chartered Accountants
FRNNO. 107525W

~~C.A. D. Hiren Parikh
PARTNER
M.No. 40230~~

SHAH ALLOYS LIMITED

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

CIN : L27100GJ1990PLC014698 WWW.SHAHALLOYS.COM

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTH ENDED 31ST DECEMBER, 2017

Amount (Rs In Crores)

	Particulars	QUARTER ENDED			NINE MONTH ENDED		YEAR ENDED
		31/12/2017	30/09/2017	31/12/2016	31/12/2017	31/12/2016	31-03-2017
		(Un Audited)	(Un Audited)	(Un Audited)	(Un Audited)	(Un Audited)	(Audited)
I	Revenue from Operations	197.09	115.75	89.79	426.46	261.75	348.97
II	Other Operating Income	0.06	0.29	0.17	0.52	0.60	0.90
	Other Non Operating Income	6.56	0.00	0.00	6.56	0.00	80.98
III	Total Revenue (I + II)	203.71	116.04	89.96	433.54	262.35	430.85
IV	Expenses						
	(a) Cost of materials consumed	77.00	74.81	54.65	217.04	156.93	212.64
	(b) Changes in inventories of finished goods, work-in-progress	50.27	(9.41)	(13.27)	53.18	(21.61)	(35.72)
	(c) Employee benefits expense	4.73	4.25	3.04	12.91	8.86	12.11
	(d) Excise Duty on Sales	0.00	0.00	9.71	12.30	28.21	37.59
	(e) Finance costs	0.05	3.30	3.32	0.07	11.05	14.33
	(f) Depreciation and amortisation expense	3.41	3.41	3.47	10.23	10.43	13.74
	(g) Consumption of Stores & Spares	12.42	8.51	9.18	30.25	26.63	35.64
	(h) Power cost	16.31	17.25	15.60	49.68	46.39	60.58
	(i) Other Expenditure	33.81	14.05	7.84	54.02	19.63	27.47
	Total Expenses (a) to (i)	198.00	116.17	93.54	439.68	286.52	378.38
V	Profit / (Loss) Before exceptional and extraordinary items and tax (III - IV)	5.71	(0.13)	(3.58)	(6.14)	(24.17)	52.47
VI	Exceptional Item	28.74	0.00	0.00	28.74	0.00	0.00
VII	Profit / (Loss) after exceptional and before extraordinary items and tax (V+VII)	34.45	(0.13)	(3.58)	22.60	(24.17)	52.47
VIII	Deferred Tax	11.59	3.46	(0.63)	38.77	(7.58)	10.11
IX	Net Profit / (Loss) for the period from continuing operations (VII -VIII)	22.86	(3.59)	(2.95)	(16.17)	(16.59)	42.36
X	Profit / (Loss) From discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00
XI	Tax Expense of discontinuing operations	0.00	0.00	0.00	0.00	0.00	0.00
XII	Profit / (Loss) From discontinuing operations (after tax) (X-XI)	0.00	0.00	0.00	0.00	0.00	0.00
XIII	Net (Loss) profit for the period (IX - X)	22.86	(3.59)	(2.95)	(16.17)	(16.59)	42.36
	Share of Loss of Associate Concern	4.81	(4.99)	0.00	4.63	0.00	0.00
XIV	Other Comprehensive income	4.82	(4.97)	0.07	4.68	0.21	0.00
XV	Total Income after Comprehensive income	22.87	(3.57)	(2.88)	(16.12)	(16.38)	42.36
	Earnings per equity share:						
XVI	Paid-up equity share capital (Equity shares having face value of Rs. 10/- each)	19.80	19.80	19.80	19.80	19.80	19.80
XVII	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						(279.68)
XVII	Earnings per share (of Rs. 10/- each) (not annualised)						
I	(1) Basic	11.55	(4.32)	(1.46)	(8.17)	(8.27)	21.39
	(2) Diluted	11.55	(4.32)	(1.46)	(8.17)	(8.27)	21.39

Kamath

Notes:

- 1 The above Unaudited consolidated results were reviewed by the Audit Committee and approved by Board of Directors in the meeting held on 10th February, 2018
- 2 Consolidated Results for the quarter ended December 31, 2017 have been prepared in accordance with The Companies (Indian Accounting Standards) Rules, 2015 (IND AS) notified by the Ministry of Corporate Affairs. The consolidated results for the quarter ended December 31, 2017 have been restated as per IND AS and are comparable on like to like basis
- 3 Dues on account of maturity of Foreign Currency Convertible Bonds (FCCB) on Dt.22-09-2011, have been frozen on maturity and accordingly exchange rate fluctuation has not been considered thereafter
- 4 In spite of heavy accumulated losses, company has prepared financial results on a going concern basis since company has been actively negotiating with ARCs and lenders. Company is in final stage of settlement with ARCs for settlement of dues of Karur Vysya Bank, IDBI Bank, Bank of Maharashtra and Punjab National Bank assigned to ARCs and expects to settle soon.
- 5 Income of Rs. 28.74 Crores shown in exceptional Item is on account of refund of Electricity Duty based on the order of the authority.
- 6 Reconciliation of consolidated results between previously reported (referred to as "Previous GAAP" and IND AS for the quarters are presented as under :

Particulars	Nine Month 31st Dec, 2016
Net Profit under Previous GAAP	(16.59)
Employee benefits - Actuarial Gain / (Loss) recognized in OCI	0.21
Total comprehensive income under IND AS	(16.38)

- 7 The above consolidated result does not include IND As compliance results for the preceding quarter and previous year ended March 31, 2017 as it is not mandatory as per SEBI circular dated July 5, 2016
- 8 The format for above consolidated results as prescribed in SEBI's Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 has been modified to comply with requirements of SEBI's Circular dated July 5, 2016, IND AS and Schedule III [Division II] to the Companies Act, 2013 applicable to companies that are required to comply with IND AS.
- 9 The Ind-AS compliant consolidated financial results, pertaining to the relevant periods of the previous year as applicable, have not been subjected to limited review or audit. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs.
- 10 The management expects that the loss of allowance if any as per Expected credit loss Method on the financial assets will not be material enough in the Nine month ended December 31, 2017 and hence, the Management has not given effect of the same in the consolidated financial results .
- 11 The management expects that the impact of "Effective Interest Method" to the Finance cost as per the Requirement of IND AS 109 on the financial Results will not be material enough in the Half year ended September 30, 2017 and hence, the Management has not given effect of the same in the consolidated financial results .
- 12 Consequent to the introduction of GST w.e.f July 1, 2017 the Excise duty is subsumed under GST. There is NIL amount in Excise Duty for the quarter ended December 2017.
- 13 With reference to above, we submit that regarding segment reporting as per Indian Accounting Standard 108 applies to business segments or geographical segments. In case of our company, we are manufacturing Steel products only and further our manufacturing is limited to locally only, as such Indian Accounting Standard 108 is not applicable to us.
- 14 Previous period figures have been regrouped and / or rearranged wherever necessary to make their classification comparable with the current period.

Place : Santej

Date : 10-02-2018



K S Kamath (DIN: 00261544)

Jt. Managing Director



LIMITED REVIEW REPORT

Review Report to
The Board of Directors.
Shah Alloys Limited

We have reviewed the accompanying statement of Unaudited Consolidated Financial Results of Shah Alloys Limited (the Company) for the quarter ended December 31, 2017 being submitted by the company pursuant to the requirement of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with SEBI Circular No. CIR/CFD/CMD/15/2015 dated November 30, 2015 and as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim financial information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Without qualifying our opinion, we draw your attention to

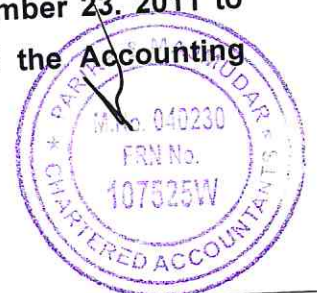
- Note 4 to the financial results of the holding Company with respect to accumulated losses and its net-worth. The Financial results Indicate that the holding Company has Incurred a net loss during the previous quarter(s) and, the holding Company's current liabilities exceeded its current assets as at the previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the holding Company's ability to continue as a going concern. However, considering the profit earned by the holding company in the quarter ended on 31st December 2017 and considering the management view, the financial results of the holding Company have been prepared on a going concern basis.**



- 2) Note 4 to the financial results which states that holding Company has settled /in Principally settled its dues with Asset Reconstruction companies (ARCs) which have been assigned by Banks to ARCs.
- 3) Attention is drawn to the fact that figures for the quarter ended on December 31, 2016 are based on the previously issued results that were reviwed by predecessor auditors vide their report dated 11th February,2017. Further, we have not audited or reviewed the accompanying results and other financial information for the quarter and nine months ended December 31, 2016 which has been prepared solely based on the information compiled by the Management and on the basis of limited review made by predecessor auditors.
- 4) During the quarter under review, the holding Company has received Refund of Electricity Duty from Uttar Gujarat Vij Company limited (UGVL) vide their letter dated 27-11-17 amounting to Rs 28.74 Crores for the period from February 2008 to December 2016 and the same is shown under the Head "Exceptional Items" in the financial statements for the quarter ending on 31st December 2017.

Basis for Qualified Opinion

1. *The Holding Company has not provided for foreign exchange loss in the financial results on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at December 31, 2017, which constitutes a departure from the Indian Accounting Standard- 21. "The Effects of Changes in Foreign Exchange Rates which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to December, 2017. Had the holding company followed the Accounting*



Standard and made the provision for foreign exchange on the above FCCB for the quarter ending on 31.12.2017, then the profit of the holding company for the quarter ending on 31.12.2017 would have been higher by Rs. 21169331 and to that extent the liability would have been lower. However, the holding company has not provided for foreign exchange fluctuation on the above FCCB since September 2011 and accordingly the total net loss on foreign exchange works out to Rs. 22,39,65,863 which has not been provided by the holding company. Thus, balance of Reserve and surplus and the current liabilities have been understated by Rs. 22,39,65,863 as on 31.12.2017.

2. *For the quarter ending on 31.12.2017 the holding company has discontinued to make the provision of interest on loans from banks and financial institutions (excluding loans assigned to various ARCs). Had the holding company continued the said practice of making provision of interest on loans from banks and financial institutions for the quarter ended on 31.12.2017 the profit of the quarter would have been lower by Rs.3.30 crores and current liabilities would have been higher to that extent. Further, the holding company has also made reversal of the interest provision made during earlier two quarters viz. 30.06.2017 and 30.09.2017 amounting to Rs.6.56 crores during the current quarter ending on 31.12.2017. Had the holding company not reversed the said provision of interest the profit of the holding company would have been further reduced by Rs.6.56 crores and current liabilities would have been increased to that extent as at 31.12.2017.*
3. The Holding 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 Quarterly results for the period ended December 31, 2017.



4. The Holding Company has not evaluated the provisioning requirement of a loss allowance on its financial assets so as to give impact of impairment if any as per the expected credit loss method 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 Quarterly results for the period ended December 31, 2017

Qualified Conclusion

Except for the adjustment as stated above to the Consolidated financial results that we might have become aware of had it not been for the situation described above, based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited Consolidated financial results prepared in accordance with applicable Indian accounting standards and other recognized accounting practices and principles generally accepted in India has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD 15/2015 dated November 30, 2015 and SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5th July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Date: 10-02-18

Place: Ahmedabad



For Parikh & Majmudar
Chartered Accountants
FRN No. 107525W

C.A. Dr. Hiren Parikh
PARTNER
M.No. 40230