



# 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

**10.10.2017**

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

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

**BSE Scrip Code: 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. 2016-17.

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



**SAL**  
S.A.L. STEEL LIMITED

**ANNUAL REPORT**  
2016-2017



**14<sup>TH</sup> 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

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

## Secretarial Auditors

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

## Registrar and Share Transfer Agents

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

## Bankers to the Company

ICICI Bank Ltd.  
Union Bank of India  
State Bank of India  
Central Bank of India

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

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## NOTICE

**NOTICE** is hereby given that 14<sup>th</sup> Annual General Meeting of the Members of **S.A.L. STEEL LIMITED** will be held on Saturday, 30<sup>th</sup> September 2017 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 31<sup>st</sup> March 2017, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Sujal Shah (DIN 01431407), who retires by rotation and being eligible, offers himself for re-appointment provided that pursuant to Section 17 of the IBC 2016, his powers as a Director shall stand suspended during the continuance of the Corporate Insolvency Resolution (CIR) Process.

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

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s Parikh & Majmudar, Chartered Accountants, Ahmedabad (Firm Reg. No. 107525W) be and are hereby appointed as Statutory Auditors of the Company in place of M/s Talati & Talati, Chartered Accountants, Ahmedabad (ICAI Registration No. 110758W) at this Annual General Meeting, at such remuneration plus reimbursement of out-of-pocket, travelling expenses etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.

**RESOLVED FURTHER THAT** M/s Parikh & Majmudar, Chartered Accountants, the Statutory Auditors of the Company, shall hold office for a period of five years, from the conclusion of this Fourteenth Annual General Meeting till the conclusion of Nineteenth Annual General Meeting of the Company (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting).

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.

**RESOLVED FURTHER THAT** the Resolution Professional has all the powers under the IBC 2016 to take such actions and execute all such documents as may be necessary and applicable to give effect to the above resolution till the CIR process is completed.”

**SPECIAL BUSINESS:**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Rules made thereunder as amended from time to time, consent of the members be and is hereby accorded for re-appointment of Shri Anil Pandya (DIN 02453919) as Whole Time Director, designated as Director – Commercial of the company for a period of 3 (three) years with effect from 25<sup>th</sup> October 2017, on terms and conditions as set out in the written memorandum placed before meeting with liberty to the Board of Directors (herein referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board and Shri Anil Pandya (DIN 02453919) provided that pursuant to Section 17 of the IBC 2016, his powers as a Director shall stand suspended during the continuance of the CIR Process.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, consent of the members be and is hereby accorded for ratification & re-appointment of Shri Sujal Shah (DIN 01431407) as Whole Time Director, designated as Director – Purchase of the company, for a period of 3 (three) years with effect from 26<sup>th</sup> April 2016, on terms and conditions as set out in the written memorandum placed before meeting with liberty to the Board of Directors (herein referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board and Shri Sujal Shah (DIN 01431407) provided that pursuant to Section 17 of the IBC 2016, his powers as a Director shall stand suspended during the continuance of the CIR Process.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, consent of the members be and is hereby accorded for ratification & re-appointment of Shri Babulal Singhal (DIN 01484213)

as Whole Time Director, designated as Director – Commercial of the company, for a period of 3 (three) years with effect from 15<sup>th</sup> May 2016, on terms and conditions as set out in the written memorandum placed before meeting with liberty to the Board of Directors (herein referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board and Shri Babulal Singhal (DIN 01484213) provided that pursuant to Section 17 of the IBC 2016, his powers as a Director shall stand suspended during the continuance of the CIR Process.”

7. 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 2017-18 between the Company and Shah Alloys Limited for sale of power, materials and services and purchase of material 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 2016-17.

**RESOLVED FURTHER THAT** the Board of Directors (the “Board”) and/or any Committee constituted by the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all acts, deeds, things as may be deemed necessary, proper and desirable.

**RESOLVED FURTHER THAT** the Resolution Professional has all the powers under the IBC 2016 to take such actions and execute all such documents as may be necessary and applicable to give effect to the above resolution till the CIR process is completed.”

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 be paid the remuneration of ₹70,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit.”

#### NOTES

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

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

2. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members as per the applicable Regulations relating to e-voting. The complete instruction on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on 30<sup>th</sup> September 2017.
3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative/s to attend and vote at the Annual General Meeting.
4. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of directors seeking appointment/reappointment at the Annual General Meeting is given in detail, as annexed hereto.
5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting, is annexed hereto.
6. **Shareholders are requested to bring their copy of Annual Report to the meeting.**
7. Members/Proxies should fill Attendance Slip for attending the meeting.
8. **The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd September, 2017 to Saturday, 30th September, 2017 (both days inclusive).**

9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the 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 31<sup>st</sup> March, 2017 is uploaded on the Company's website [www.salsteel.co.in](http://www.salsteel.co.in) and may be accessed by the members and also on the website of the Bombay Stock Exchange Ltd. [www.bseindia.com](http://www.bseindia.com) and on the website of the National Stock Exchange [www.nseindia.com](http://www.nseindia.com).
15. Electronic copy of the Annual Report for 2016-17 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, a physical copy of the Annual Report for 2016-17 is being sent in the permitted mode.

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

**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](http://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 14<sup>th</sup> 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 27.09.2017 at 10 a.m. and ends on 29.09.2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of 21.09.2017 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.
5. 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](http://www.evotingindia.co.in) under help section or write an email to [www.karvycomputershare.com](mailto:www.karvycomputershare.com) OR write an e-mail to [varghese1@karvy.com](mailto:varghese1@karvy.com)
6. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23.09.2017, may obtain the login ID and password by sending a request at [www.karvycomputershare.com](http://www.karvycomputershare.com) .
8. 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.
9. 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.
10. 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](http://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.
11. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
12. 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](mailto:ksshah@yahoo.com).
13. 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.
14. 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 Varghese P A 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

### Registered Office:

5/1 Shreeji House,  
B/h M.J. Library,  
Ashram Road,  
Ahmedabad: 380 006  
CIN: L29199GJ2003PLC043148

**Nirajkumar Jain**  
Company Secretary

Issued on 16th September 2017 for agenda items approved by the Board of Directors of the Company on 27th May, 2017 and subsequently modified and confirmed by the RP on 16th September 2017.

Place : Santej



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

**Item No. 4:**

The Board of Directors of the Company (the 'Board'), at its meeting held on 27<sup>th</sup> May 2017 has, subject to the approval of members, re-appointed Shri Anilkumar Pandya as a Whole-time Director designated as Director - Commercial, for a period of 3 (Three) years from the expiry of his present term on 24<sup>th</sup> October 2017, at a remuneration recommended by the Nomination and Remuneration Committee of the Board.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Anilkumar Pandya as a Whole-time Director, designated as Director - Commercial, in terms of the applicable provisions of the Act.

Shri Anilkumar S. Pandya was appointed as "Director-Commercial" for a term of 3 years w.e.f. 25<sup>th</sup> October 2014 and his term of office will be culminating on 24<sup>th</sup> October 2017. He is proposed to be reappointed with effect from 25<sup>th</sup> October 2017 for a period of 3(Three) years. Shri Pandya is having 40 years of vast experience in his career of handling HR & Administrative positions in various organizations. Shri Pandya has been overseeing company's work.

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

<b>A</b>	<b>Period of Appointment</b>	Three years from 25 <sup>th</sup> October, 2017 to ending on 24 <sup>th</sup> October, 2020.
<b>B</b>	<b>Remuneration Details</b>	
	<b>Monthly Salary</b>	₹ 50,000/- (Rupees Fifty Thousand Only) including Bonus, cash allowances and Incentives.
	<b>Perquisites and Facilities</b>	
	<b>Housing</b>	Rent free accommodation including provision for electricity, gas and water, as per Company's Policy.
	<b>Medical Reimbursement</b>	For himself, spouse and dependent children as per Company's Policy.
	<b>Car facility</b>	Company maintained Car with option of driver as per Company's policy.
	<b>Other facilities, if any</b>	It includes Company's Contribution to Provident Fund, Provision for Gratuity, Encashment of Leave Salary, as per the rules of the Company. These shall not be included in computation of above limits of remuneration.
	<b>Minimum Remuneration</b>	Notwithstanding anything herein above stated, wherein any financial year, the Company incurs loss or its profits are inadequate, the Company shall pay to Shri Pandya, the remuneration by way of Salary, Bonus and Other Allowances not exceeding the limits specified under Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or such other limits as may be prescribed the Government from time to time.
<b>C</b>	<b>Termination of Agreement</b>	Written memorandum executed between Company and Shri Anilkumar S. Pandya, can be terminated by either party giving 3 months notice in writing of such termination.
<b>D</b>	<b>Duties and Responsibilities</b>	Shri Anilkumar S Pandya shall be responsible for entire commercial assignments as applicable under various statutes and shall perform such duties which may be entrusted to him, subject to superintendence, control and guidance of Board of Directors.

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

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

Shri Anilkumar Pandya is interested in the resolution.

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

**Item No. 5:**

The Board of Directors of the Company (the 'Board'), subject to the approval of members has ratified appointment & re-appointed Shri Sujal Shah as a Whole-time Director designated as Director - Purchase, for a period of Three years from the expiry of his term on 25<sup>th</sup> April 2016, at a remuneration recommended by the Nomination and Remuneration Committee of the Board.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Sujal Shah as a Whole-time Director, designated as Director - Purchase, in terms of the applicable provisions of the Act.

Shri Sujal Shah is having more than 25 years of experience in the areas of Purchase and Administration. During his tenure, Company has been benefited under his leadership and supervision. Management feels that his headship and experience will help in augmenting commercial activities.

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

<b>A</b>	<b>Period of Appointment</b>	Three years from 26 <sup>th</sup> April, 2016 to ending on 25 <sup>th</sup> April, 2019.
<b>B</b>	<b>Remuneration Details</b>	
	<b>Monthly Salary</b>	₹ 36,000/- (Rupees Thirty Six Thousand Only) including cash allowances and Incentives.
	<b>Perquisites and Facilities</b>	It includes: Medical Reimbursement for himself, spouse and dependent children as per Company's Policy. A Company maintained car with option of driver's facility.
	<b>Other facilities</b>	It includes Provision for Gratuity, Encashment of Leave Salary, as per the rules of the Company. These shall not be included in computation of above limits of remuneration.
	<b>Minimum Remuneration</b>	Notwithstanding anything herein above stated, wherein any financial year, the Company incurs loss or its profits are inadequate, the Company shall pay to Shri Sujal Shah, the remuneration by way of Salary, Bonus and Other Allowances not exceeding the limits specified under Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or such other limits as may be prescribed the Government from time to time.
<b>C</b>	<b>Termination of Agreement</b>	Written memorandum executed between Company and Shri Sujal Shah, can be terminated by either party giving 3 months notice in writing of such termination.
<b>D</b>	<b>Duties and Responsibilities</b>	Shri Sujal Shah shall be in charge for all purchases and procurement function of the Company and shall perform such duties as may be entrusted to him, subject to superintendence, control and guidance of Board of Directors.

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

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

Shri Sujal Shah is interested in the resolution.

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

#### Item No. 6:

The Board of Directors of the Company (the 'Board'), at its meeting subject to the approval of members has ratified appointment & re-appointed Shri Babulal Singhal as a Whole-time Director designated as Director – Commercial, for a period of Three years from the expiry of his term on 15<sup>th</sup> May, 2016, at a remuneration recommended by the Nomination and Remuneration Committee of the Board.

It is proposed to seek the members' approval for the re-appointment of and remuneration payable to Shri Babulal Singhal as a Whole-time Director, designated as Director – Commercial, in terms of the applicable provisions of the Act.

Shri Babulal Singhal is having more than 35 years of vast experience in his career. Shri Singhal is a senior Accountant and possesses good expertise in dealing with matter involving accounts, taxation, banking, finance etc. Board recommends his re-appointment on the following material terms & conditions:

<b>A</b>	<b>Period of Appointment</b>	Three years from 16 <sup>th</sup> May, 2016 to ending on 15 <sup>th</sup> May, 2019.
<b>B</b>	<b>Remuneration Details</b>	
	<b>Monthly Salary</b>	₹ 41,000/- (Rupees Forty One Thousand Only) including Bonus, cash allowances and Incentives.
	<b>Perquisites and Facilities</b>	
	<b>Housing</b>	Rent free accommodation including provision for electricity, gas and water, as per Company's Policy.
	<b>Medical Reimbursement</b>	For himself, spouse and dependent children as per Company's Policy.
	<b>Car facility</b>	Company maintained Car with option of driver as per Company's policy.
	<b>Other facilities, if any</b>	It includes Company's Contribution to Provident Fund, Provision for Gratuity, Encashment of Leave Salary, as per the rules of the Company. These shall not be included in computation of above limits of remuneration.
	<b>Minimum Remuneration</b>	Notwithstanding anything herein above stated, wherein any financial year, the Company incurs loss or its profits are inadequate, the Company shall pay to Shri Babulal Singhal, the remuneration by way of Salary, Bonus and Other Allowances not exceeding the limits specified under Schedule V to the Companies Act, 2013 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or such other limits as may be prescribed the Government from time to time.
<b>C</b>	<b>Termination of Agreement</b>	Written memorandum executed between Company and Shri Babulal Singhal, can be terminated by either party giving 3 months notice in writing of such termination.

**D Duties and Responsibilities**

Shri Babulal Singhal shall be in charge for all purchases and procurement function of the Company and shall perform such duties as may be entrusted to him, subject to superintendence, control and guidance of Board of Directors.

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

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

Shri Babulal Singhal is interested in the resolution.

Save and except the above, none of the other Directors / Key Managerial Personnel of Company / their relatives is, in any way, concerned or interested, financially or otherwise, in these resolutions. The Board commends Special Resolution set out at Item No. 6 of Notice for approval by shareholders.

**Item No. 7:**

The Securities and Exchange Board of India, vide its Circular No. SEBI/LAD-NRO/GN/2015-16/013 dated 2<sup>nd</sup> September, 2015 (the "said circular"), introduced the regulations called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein after "SEBI (LODR)"]. As per regulation 23 (4) of the SEBI (LODR), all material related party transactions shall require approval of the shareholders through resolution in the General Meeting. The related party transactions set out below are all contractual obligations entered / to be entered into by the Company in its ordinary course of business and are arms' length transactions for financial year 2017-18:

For financial year 2017-18

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount Approx. (₹ in crore)
Shah Alloys Limited	Promoter Company	Sale of Power & Material	300.00
		Purchase of Material	10.00

As approved by the members in the Annual General Meeting held on 24.09.2016, Company entered into related party transactions for the financial year 2015-16 for sale of Power & Material to the extent of ₹ 150 Crores. However, Company executed transactions amounting to ₹ 171.00 Crores (approx.). In compliance of Companies Act, 2013 and SEBI (LODR) Regulations, 2015, Members approval is sought for ratification of excess transactions.

**Purpose of the aforementioned material related party transactions**

Company 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.8**

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 31<sup>st</sup> March, 2018 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. 8 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. 8 of the Notice for approval by the shareholders.

**Registered Office:**

5/1 Shreeji House,  
B/h M.J. Library,  
Ashram Road,  
Ahmedabad: 380 006  
CIN: L29199GJ2003PLC043148

**Nirajkumar Jain**  
Company Secretary

Date : 16.09.2017

Place : Santej

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

Name of Director	SUJAL A. SHAH
DIN	01431407
Date of Birth	30.12.1966
Date of Appointment	19.06.2006
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	<i>Has more than 25 years of experience in areas of Purchase &amp; Administration.</i>
Qualification	<i>B. Sc. (Physics)</i>
No. of Equity Shares held in the Company	45000
List of other Companies in which Directorships are held	NIL
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	NIL

## DIRECTORS' REPORT

Dear Members,

Your Directors pleased to present the 14<sup>th</sup> Annual Report of your company on the operations and performance along with the Audited Financial Statements for theyear ended on 31<sup>st</sup> March 2017.

## FINANCIAL HIGHLIGHTS

Particulars	₹ In Lacs	
	March 31, 2017	March 31, 2016
Total Revenues	36298.13	33819.36
Total Expenditure	34771.59	31439.10
Profit before interest depreciation, extraordinary item and tax	1526.54	2380.26
Depreciation and Interest	837.29	2086.86
Profit / (Loss) before extraordinary item and tax	689.25	293.40
Extraordinary item	Nil	3170.24
Profit / (Loss) before tax	689.25	(2876.84)
Tax Expense / Deferred tax	Nil	Nil
Net Profit / (Loss) for the year	689.25	(2876.84)
Profit / (Loss) Brought forward from last year	(15689.69)	(12812.85)*
Balance Carried forward	(15000.44)	(15689.69)

\* includes ₹ 54.13 lacs of transitional adjustment on depreciation.

## STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

During the year under review Total Revenue from operation has been increased from ₹ 33819.36 lacs to ₹ 36298.13 lacs as compared to previous year's turnover. Company has registered a net profit of ₹ 689.25 lacs in comparison of loss of ₹ 2876.84 lacs during previous year.

## DIVIDEND

Due to high accumulated loss, your Directors have not recommended dividend for the financial year 2016-17.

## 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 31.03.2017 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd. and the National Stock Exchange of India Ltd. (NSE).

The Company has paid listing fees for the year 2017-18 to above stock exchanges.

## DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION

During the year under review Shri Sujal Shah, Whole Time Director and Shri Babulal Singhal, Whole Time Director of the Company reappointed by the Board for further period of three years, subject to the approval of members in ensuing Annual General Meeting. Except this, there is no change in the Composition of the Board or KMPs.

**MEETINGS OF THE BOARD**

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

**DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declarations from each Independent Director of the Company confirming that he/she 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, 2017, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite Certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of Corporate Governance is annexed to this Report.

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

As required under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are separately provided in the annexure to this report as Annexure - 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. Accordingly, Company has constituted Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013 and the rules framed thereunder. Since the average net profits of the Company during immediately three preceding financial years is negative, provisions related to expenditure of at least two percent of the average net profits in CSR activities is presently not applicable to the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2017, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss account of the Company for that period;

- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors had prepared the annual accounts on a going concern basis; and
- e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The policy of the Company on Director's appointment and remuneration, including criteria for determining qualifications, independence and other matters as provided under subsection (3) of Section 178 of the Companies Act, 2013 is available on the Company's website at [www.salsteel.co.in](http://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

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as Annexure- 2. Further, particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not attached with this report since there was no employee who was in receipt of remuneration in excess of aggregate of ₹ 1.02 Cr. during the year if employed throughout the financial year or ₹ 8.5 Lakh per month in the aggregate if employed for part of the year.

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

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis and as such did not attract provisions of Section 188 (1) of Companies Act, 2013. The Company has formulated policy on related party transactions. 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. 1<sup>st</sup> April 2017 pursuant to Notification of the Ministry of Corporate Affairs dated 16<sup>th</sup> February 2015 in place of Accounting Standards.

#### AUDITORS

##### STATUTORY AUDITORS

M/s. Talati & Talati, Chartered Accountants have been giving services as Statutory Auditors of the Company and are eligible to be appointed as Statutory Auditors in the forthcoming Annual General Meeting. However, M/s Talati & Talati, Chartered Accountants at their own expressed their inability to continue as Statutory Auditors and as such has not accorded consent for appointment as Statutory Auditors in the forthcoming Annual General Meeting. Accordingly, M/s Talati & Talati, Chartered Accountants will be ceased to Statutory Auditors after the forthcoming 14<sup>th</sup> Annual General Meeting.

On the recommendations of the Audit Committee Board of Directors has recommended appointment of M/s. Parikh & Majmudar, Chartered Accountants (Firm Reg. No. 107525W) as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the 14<sup>th</sup> Annual General Meeting of the Company, till the conclusion of the 19<sup>th</sup> Annual General Meeting to be held in the year 2022, subject to the approval of the shareholders of the Company. On approval of the shareholders in the forthcoming Annual General Meeting, new firm will audit financial statements for the year ending 31<sup>st</sup> March 2018. However, the new firm will be auditing quarterly financial statements from the quarter ended 30<sup>th</sup> September 2017.

##### Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under M/s. Ashish Bhavsar & Associates, Cost Accountants were appointed for auditing cost accounting records of the Company for the year ending 31<sup>st</sup> March, 2017. Board has further appointed M/s. Ashish Bhavsar & Associates, Cost Accountants as Cost Auditors for the year ending 31<sup>st</sup> March 2018 subject to approval of remuneration in the forthcoming Annual General Meeting.

##### Internal Auditor

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

#### Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder, the Board of Directors has appointed M/s Kamlesh Shah & Co., Practicing Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2017-18. The report submitted by the Secretarial Auditor in Form MR-3 for the financial year ended as on 31<sup>st</sup> March, 2017 is attached to this report as Annexure - 4. Remarks of secretarial auditor are self-explanatory.

#### BOARD'S RESPONSE ON the REMARKS MADE BY STATUTORY Auditors

The Directors submit their explanations to then various observations made by the Auditors in their report for the year 2016-17. Para nos. of Auditors' Report and reply are as under:

##### Basis for Qualified Opinion – Para 1

Company has paid the capital advances in earlier years for total amounting Rs. 9,41,22,080 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.

##### Annexure A to the Independent Auditors' Report – Para viii

In view of the market conditions of steel sector at the relevant time, Company approached to the Consortium of the Banks for restructuring of the debts through CDR mechanism. The lenders appointed SBI Capital Market Limited to prepare a financial package and GITCO to carry out the Techno Economic Viability (TEV) Report. Based on the viability of the plant certified by SBI Caps and GITCO, SBI approached to the CDR (EG) and the case was admitted by the CDR and directed the lenders to submit the final report within 90 days for the sanction of the package. In between, SBI withdrew the support from the CDR by submitting letter of withdrawal without assigning any reason. As a result Company suffered badly and later not able to make the payments as per the terms of sanction. As a result financial health of the Company got further deteriorated and net worth became negative. Thus, Company approached to Hon'ble BIFR for declaring company as sick undertaking pursuant to the provisions of Section 3 (1) (o) of the SICA. The application of the Company has been registered vide letter dated 24.08.2015.

All the banks assigned debts to Assets Reconstruction Company (ARC). Company is negotiating with them for settlement of debts.

#### MATERIAL CHANGES / INFORMATION:

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial position of the Company. However, during the year company does not have status of Sick company due to repeal of SICA. Except this, no material change has 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: 5<sup>th</sup> August 2017

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, 2017)

## A. CONSERVATION OF ENERGY

## (a) Energy conservation measures taken:-

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

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

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

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

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

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

<b>(I) POWER &amp; FUEL CONSUMPTION</b>		<b>2016-17</b>	<b>2015-16</b>
1	<b>ELECTRICITY</b>		
	(a) Purchased		
	Unit (Kwh)	1470240	1300560
	Total Amount (Rs.)	41818746	37341897
	Rate / Unit (Rs)	28.44	28.71
	(b) Own Generation		
	(i) Through Diesel Generator Unit (Kwh)		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (Rs)	Nil	Nil
	(ii) Through Steam Turbine / Generator Unit (Kwh)	104408	88907
	Unit Per Kg of Lignite	0	0
	Cost Lignite / Unit (Rs)	802	272
	Cost Coal / Unit (Rs)	1396	2529
	Cost Coal & Lignite / Unit (Rs)	2198	2797
2	<b>COAL (Including Coal Fines)</b>		
	Quantity (MT)	65123	85835
	Total Cost (Rs)	145761923	224537868
	Average Rate (Rs)	2238	2616
3	<b>FURNACE OIL</b>		
	(used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (Rs)	Nil	Nil
4	<b>OTHERS - LIGNITE</b>		
	(used in the generation of steam)		
	Quantity (K Tonns)	36625	9210
	Total Cost (Rs)	83729170	24174834
	<b>(II) CONSUMTION PER M.T. OF PRODUCTION</b>		
	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 &amp; D)

<i>Particulars</i>	<i>2016-17</i>	<i>2015-16</i>
<i>1. Specific areas in which R&amp;D carried out by the company.</i>	<i>Nil</i>	<i>Nil</i>
<i>2. Benefits derived as a result of the above R&amp;D</i>		
<i>3. Future plan of action:</i>	<i>Nil</i>	<i>Nil</i>
<i>a. Capital</i>	<i>Nil</i>	<i>Nil</i>
<i>b. Recurring</i>	<i>Nil</i>	<i>Nil</i>
<i>c. Total</i>	<i>Nil</i>	<i>Nil</i>
<i>d. Total R&amp;D expenditure as a percentage of total turnover</i>	<i>Nil</i>	<i>Nil</i>

## (II) Technology absorption, adaptation:

<i>Particulars</i>	<i>2016-17</i>	<i>2015-16</i>
<i>Company has not carried out research, development &amp; innovation activities.</i>		
<i>1. Efforts, in brief, made towards technology absorption, adaptation and innovation.</i>	<i>Nil</i>	<i>Nil</i>
<i>2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.</i>	<i>Nil</i>	<i>Nil</i>
<i>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:</i>	<i>Nil</i>	<i>Nil</i>
<i>a. Technology imported</i>		
<i>b. Year of import</i>		
<i>c. Has technology has been fully absorbed</i>		
<i>d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.</i>		

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in lacs)

<i>Particulars</i>	<i>2016-17</i>	<i>2015-16</i>
<i>1) EARNINGS &amp; OUTGO</i>		
<i>a. Foreign Exchange earnings</i>	<i>1859.90</i>	<i>19.44</i>
<i>b. Foreign Exchange outgo</i>	<i>9072.14</i>	<i>4260.98</i>
<i>2) TOTAL FOREIGN EXCHANGE USED AND EARNED</i>		
<i>As per notes on account</i>		

For and on behalf of the Board

Date: 5<sup>th</sup> August 2017  
Place: SantejRajendra 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

Company has Shri Sujal Shah, Shri Anil Pandya as Whole Time Directors and Shri Babulal M. Singhal as Whole Time Director cum CFO and Shri Nirajkumar Jain as Company Secretary. Total managerial remuneration paid to each of them during the current year and previous year are as under:

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

Sr. no.	Name of director / KMP	Designation	Remuneration paid in current year	Remuneration paid in previous year	Total cost of remuneration of the employees	Percentage remuneration of director to total cost of remuneration
1	Shri Sujal Shah	Whole Time Director	4,32,000	4,32,000	123030633	0.35
2	Shri BabulalSinghal	Whole Time Director	4,92,000	4,92,000	123030633	0.40
3	Shri Anil Pandya	Director cum CFO	4,80,000	4,80,000	123030633	0.39
4	Shri Nirajkumar Jain	Company Secretary	3,60,000	1,92,487*	123030633	0.30

\*appointed w.e.f. 13<sup>th</sup> July, 2015

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

There was no increase in remuneration during the year 2016-2017 except of Shri Nirajkumar Jain, Company Secretary.

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

During the year the total remuneration of employees is Rs. 1230.31lacs as against Rs. 1070.95 lacs in the previous year constituting a net increase of Rs. 159.36 lacs constituting about 15%.

IV. The number of permanent employees on the rolls of company:

There were 330 permanent employees on the rolls of company.

V. 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.

VI. Comparison of the each remuneration of the key managerial personnel against the performance of the company;

As the company is paying minimum managerial remuneration to its managerial personnel and the Company is the loss making one, the comparison of remuneration of each of the KMP with performance of the company is not comparable. Since WTDs are being paid minimum remuneration and other KMPs are getting remuneration as per prevailing industry norms, it is not possible to compare remuneration with the performance of the company.

VII. The key parameters for any variable component of remuneration availed by the directors;

NOT APPLICABLE.

VIII. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

40 employees is receiving remuneration in excess than the remuneration of Director or Key Managerial Personnel.

IX. Affirmation that the remuneration is as per the remuneration policy of the Company.

All remuneration of the Employees and directors are paid as per remuneration policy of the Company.

For and on behalf of the Board

Date: 5<sup>th</sup> August 2017

Place: Santej

Rajendra V. Shah  
Chairman  
(DIN: 00020904)

## 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

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 2016- March 2017	39,86,41,000	Since these RPTs are in the ordinary course of business and are at arms' length basis, approval of the Board is not required. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
		Sale of material		1,30,65,22,118		
		Purchase of material		2,09,02,995		

For and on behalf of the Board

Date: 5<sup>th</sup> August 2017  
Place: SantejRajendra V. Shah  
Chairman  
(DIN: 00020904)

## 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, 2017

To,  
The Members,  
S.A.L. STEEL LIMITED (CIN: L29199GJ2003PLC043148)

I have conducted secretarial audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by S.A.L. STEEL LIMITED (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the records of 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 hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and record maintained by S.A.L. STEEL LIMITED (CIN: L29199GJ2003PLC043148) for the financial year ended on 31<sup>st</sup> March 2017 according to the provisions of:

- (i) The Companies Act, 2013(the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') :-
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeover) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations,1992;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable
  - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable
  - g) The Securities and Exchange Board of India(Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Not Applicable
- (vi) As stated in the Annexure – A – all the laws, rules, regulations are applicable specifically to the company.

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable Company has complied with secretarial standards in respect of Board meeting and General meeting.
- ii. Uniform Listing Agreements Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into by the Company with Bombay Stock Exchange and National Stock Exchange.

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors, Independent Directors and Woman Director *Except, In case of Shri Sujal Shah, Whole Time Director and Shri Babulal Singhal, Whole Time Director, period of appointment expired on 25.04.2016 & 15.05.2016 respectively. Company reappointed them in Board Meeting held on 11.02.2017 subject to confirmation of the AGM since they continued to be in the services. Company has filed necessary forms for reappointment.*

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

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

Place: Ahmedabad  
Date: 27th May 2017

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 complains directly received by the company are recorded on the same date of receipts.

### Labour Laws

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

### Environmental Laws

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

### Taxation Laws

1. The company follows all the provisions of the taxation and Income Tax Act, 1961 and filing the returns at proper time with Income tax department and all other necessary departments.

Place: Ahmedabad  
Date: 27th May 2017

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 31/03/2017

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

## 1. REGISTRATION AND OTHER DETAILS:

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 <sup>th</sup> 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	89.75
2	Generation of Power	401	10.05

## 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	
<b>A. Promoters</b>									
(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
<b>Total shareholding of Promoter (A) = (A) (1)+(A) (2)</b>									
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
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	0.00	5000	NIL	5000	0.00	NIL
<b>2. Non-Institutions</b>									
a) Bodies Corp.	9707133	NIL	9707133	11.42	10576446	NIL	10576446	12.45	1.03
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	23986163	103310	24089473	28.35	23123035	103310	23226345	27.34	(1.01)
ii) Individual shareholders holding nominal share capital in excess of ` 2 lakh	7713651	125000	7838651	9.23	7684642	125000	7809642	9.19	(0.04)
c) Others (TRUSTS, NON RESIDENT, NBFC & CLEARING MEMBERS)	366454	NIL	366454	0.43	389378	NIL	389378	0.46	0.02
Sub-total (B) (2):-	41762607	239204	42006811	49.44	41773501	228310	42000211	49.44	NIL
<b>Total Public Shareholding (B)=(B) (1)+(B) (2)</b>	41767607	239204	42006811	49.44	41778501	228310	42005211	49.44	NIL
<b>C. shares held by custodian for GDRs &amp; ADRs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>GRAND TOTAL (A+B+C)</b>	84727496	239204	84966700	100.00	84736790	228310	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
<b>Total</b>	<b>42959889</b>	<b>50.56</b>	<b>42959889</b>	<b>42959889</b>	<b>50.56</b>	<b>50.56</b>	<b>NIL</b>

## 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
	<b>Total</b>	<b>9183096</b>	<b>10.81</b>	<b>10014585</b>	<b>11.71</b>

## 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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1720749023	18684333	-	1739433356
ii) Interest due but not paid	722226721	-	-	722226721
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2442975744</b>	<b>18687333</b>	<b>-</b>	<b>2461660077</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	86591393	-	86591393
Reduction	-	-	-	-
<b>Net Change</b>	<b>-</b>	<b>86591393</b>	<b>-</b>	<b>86591393</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1720749023	105275726	-	1826024749
ii) Interest due but not paid	722226721	-	-	722226721
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2442975744</b>	<b>105275726</b>	<b>-</b>	<b>2548251470</b>

## 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
	<b>Total (A)</b>	<b>NIL</b>	<b>NIL</b>
	<b>Ceiling as per the Act</b>	<b>As per Section (II) Part (II) of Schedule V.</b>	

## 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	36,000	18,000	36,000	36,000	36,000	18,000	1,80,000
Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others, please specify							
<b>Total</b>	<b>36,000</b>	<b>18,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>18,000</b>	<b>1,80,000</b>
<b>Overall Ceiling as per the Act</b>	<b>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</b>						

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

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO/CEO	Total
		<i>Shri Nirajkumar Jain</i>	<i>Shri Babulal Singhal</i>	
1	Gross salary	3,60,000	4,92,000	8,52,000
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	3,60,000	4,92,000	8,52,000

## 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)
<b>A. COMPANY</b>					
Penalty	No	No	No	No	No
Punishment	No	No	No	No	No
compounding	No	No	No	No	No
<b>B. DIRECTORS</b>					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No
<b>C. Other Officers In Default</b>					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No

## CORPORATE GOVERNANCE REPORT

[Pursuant to Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations"]  
Detailed report on Corporate Governance for the financial year ended March 31, 2017, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out below:

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

The Company implements and practices the principles of Corporate Governance based on fairness, transparency, integrity, honesty and accountability consistently being followed in all its business practices and dealings.

The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit.

## 2. BOARD OF DIRECTORS :

## COMPOSITION AND CATEGORY

Composition of Board and Directorship held as on March 31, 2017 and numbers of meetings held and attended during the year are as follows:

Name of Director	Category	Numbers of Board Meetings		No. of other Directorships held	Committee Memberships held in other companies		Attendance at Last AGM
		Held during the year	Attended during the Year		as member	as Chairman	
<b>NON-EXECUTIVE DIRECTOR</b>							
Shri Rajendra V. Shah	Promoter Non-Executive Chairman	4	4	1	1	Nil	Yes
<b>EXECUTIVE DIRECTORS</b>							
Shri Sujal Shah	Non Promoter Executive Director	4	3	Nil	Nil	Nil	Yes
Shri Babul Singh	Non Promoter Wholetime Director	4	4	Nil	Nil	Nil	No
Shri Anil Pandya	Non Promoter Wholetime Director	4	4	Nil	Nil	Nil	No
<b>INDEPENDENT DIRECTORS</b>							
Shri Ambalal C. Patel	Non-Executive & Independent	4	4	8	7	4	Yes
Shri Harshad M. Shah	Non-Executive & Independent	4	4	1	1	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	4	4	1	2	Nil	No
Shri Jethalal M. Shah	Non-Executive & Independent	4	4	Nil	Nil	Nil	No
Shri Shrikant N. Jhaveri	Non-Executive & Independent	4	4	Nil	Nil	Nil	Yes
Smt. Shefali M. Patel	Non-Executive & Independent	4	4	1	Nil	Nil	Yes

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the 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.

## MEETINGS OF THE BOARD OF DIRECTORS

During the financial year, the Board met 4 times:

- May 30, 2016
- August 14, 2016
- November 12, 2016
- February 11, 2017

## Independent Directors' Meeting

Independent Directors met on February 11, 2017 without presence of Non-Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company's Management and the Board.

## DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

None of the Directors are related to each other.

## SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

As on March 31, 2017, Shri 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

## 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, four Audit Committee meetings were held respectively on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017. The composition of the Audit Committee and attendance at its meetings is given hereunder:

<i>Name of Director</i>	<i>Position</i>	<i>No. of Meetings</i>	<i>Meetings attended</i>
<i>Shri Jethabhai M. Shah</i>	<i>Chairman</i>	<i>4</i>	<i>4</i>
<i>Shri Ambalal C. Patel</i>	<i>Member</i>	<i>4</i>	<i>4</i>
<i>Shri Harshad M. Shah</i>	<i>Member</i>	<i>4</i>	<i>4</i>
<i>Shri Shrikant N. Jhaveri</i>	<i>Member</i>	<i>4</i>	<i>4</i>

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, four meetings of Nomination and Remuneration Committee were held on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017.

<i>Name of Director</i>	<i>Position</i>	<i>No. of Meetings</i>	<i>Meetings attended</i>
<i>Shri Jethalal bhai M. Shah</i>	<i>Chairman</i>	<i>4</i>	<i>4</i>
<i>Shri Ambalal C. Patel</i>	<i>Member</i>	<i>4</i>	<i>4</i>
<i>Shri Harshad M. Shah</i>	<i>Member</i>	<i>4</i>	<i>4</i>

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, 2017 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	36,000	Nil	Nil	36,000
Shri Tejal S. Shah	18,000	Nil	Nil	18,000
Shri Harshad M. Shah	36,000	Nil	Nil	36,000
Shri Jethalal M. Shah	36,000	Nil	Nil	36,000
Shri Shrikant N. Jhaveri	36,000	Nil	Nil	36,000
Smt. Shefali M. Patel	18,000	Nil	Nil	18,000

#### 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 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017.

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethabhai M. Shah	Chairman	4	4
Shri Ambalal C. Patel	Member	4	4
Shri Harshad M. Shah	Member	4	4

## 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, 2017 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
2013-14	September 24 <sup>th</sup> , 2014.	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	1
2014-15	September 24 <sup>th</sup> , 2015.	10:30 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2015-16	September 24 <sup>th</sup> , 2016.	09:30 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

- a. All Quarterly / Annual financial results are immediately sent to stock exchanges after being taken on record by the Board.
- b. As per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- c. The Company's website [www.salsteel.co.in](http://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 : 30<sup>th</sup> September, 2017

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 1<sup>st</sup> April each year and ends on 31<sup>st</sup> March of every succeeding year.

The Quarterly Results for the financial year 2017-18 will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30<sup>th</sup> June 2017 : By 14<sup>th</sup> September 2017

Quarter ending 30<sup>th</sup> September 2017 : By 14<sup>th</sup> December 2017

Quarter ending 31<sup>st</sup> December 2017 : By 14<sup>th</sup> February 2018

Quarter ending 31<sup>st</sup> March 2018 : By 30<sup>th</sup> May 2018

c) Dividend Payment Date : Not Applicable

d) Listing on Stock Exchange : Bombay Stock Exchange Ltd.(BSE)  
Phiroze Jeejee bhoy 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 (Rs. per share)

Month	Price at BSE		Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 16	3.25	2.16	3.30	2.50
May' 16	3.08	2.43	3.10	2.25
June' 16	2.78	2.17	2.90	2.20
July' 16	3.60	2.28	3.70	2.30
Aug' 16	3.40	2.70	3.35	2.70
Sept' 16	3.30	2.53	3.75	2.60
Oct' 16	4.65	2.77	4.70	2.70
Nov' 16	5.14	3.24	5.15	3.15
Dec' 16	4.09	3.52	4.10	3.40
Jan' 17	4.59	3.66	4.55	3.50
Feb' 17	6.49	3.97	6.55	3.90
Mar' 17	6.15	4.65	6.10	4.65

- g) Registrar to Issue and Share Transfer Agents

The members of the Company may address all it communication relating to transfer, transmission, Refund order, Dividend, National Electronic Clearing system (NECS) dematerialisation etc. to Company's Share Transfer agent i.e. 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 : varghese1@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, 2017

Category	No. of Shares	%
Promoters	42959889	50.56
Clearing Members	24981	0.03
Indian Public	28863445	33.96
Domestic Companies	10576446	12.45
Nationalized Bank/ Insurance Company / NBFC	6600	0.01
NRI	286369	0.34
NRI NON-REPATRIATION	76428	0.09
HUF	2172542	2.56
Total	84966700	100



Distribution of shareholding as on 31st March, 2017

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 5000	50173020	5.90	19581	69.36
5001 - 10000	38643830	4.55	4318	15.30
10001 - 20000	32456050	3.82	1989	7.05
20001 - 30000	19790250	2.33	751	2.66
30001 - 40000	12471190	1.47	341	1.21
40001 - 50000	17658010	2.08	368	1.30
50001 - 100000	35599050	4.19	470	1.66
100001 & above	642875600	75.66	413	1.46
<b>Total</b>	<b>849667000</b>	<b>100</b>	<b>28231</b>	<b>100.00</b>

j) Dematerialization of Shares and Liquidity

On March 31<sup>st</sup> 2017, nearly 99.73% 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 5/1, Shreeji House, Behind M. J. Library, Ashram Road Ahmedabad – 380006, Gujarat	Administrative Office: SAL Steel Limited, Corporate House, Sola-Kalol Road, Village Santej, Dist: Gandhinagar, Gujarat – 382721
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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 : varghese1@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 safeguards the whistleblowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the financial year none of the personnel has been denied access to the audit committee.

Corporate Governance Compliance Certificate

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

Disclosure of Accounting Treatment

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

CEO and CFO Certification

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

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

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 27<sup>th</sup> May 2017.

For, S.A.L. Steel Limited

Place: Santej  
Date: 27.05.2017

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, 2017 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, 2016 to 31st March, 2017.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

FOR, K.K PATEL AND ASSOCIATES

Place : Gandhinagar  
Date : 05.08.2017

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

## MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY STRUCTURE AND DEVELOPMENTS

India is the largest producer of sponge iron in the world. The major factors for the growth of the Sponge Iron Industry has been the availability of iron ore and non-coking coal - inputs used in its manufacture and the demand for steel in the country. Sponge iron, also called Direct-Reduced Iron (DRI), is produced from direct reduction of iron ore (in the form of lumps, pellets or fines) by reducing gas produced from natural gas or coal. India has an estimated of 200 sponge - iron units, of which more than 100 are coal-based units. This industry has mastered the art of sponge iron making and utilizes indigenous raw materials like iron ore and non-coking coal unlike the blast furnace route which is heavily dependent on import of coking coal. The future of the industry will depend upon the government policies, raw materials security at affordable prices and finance cost.

The condition of the Indian sponge iron industry is deteriorating every quarter both on demand and financial fronts. There are many reasons which can be attributed for this state of affairs such as falling steel prices and dumping of cheaper steel particularly from China, higher electricity & interest cost, uncertainty in the availability and price of vital raw materials like iron ore & coal, increasing import of steel melting scrap etc. Coal based sponge iron production route have some issues because of the deteriorating quality of iron ore and coal and module size. Nevertheless, larger units having waste heat recovery system for power generation are better placed on both the fronts of energy efficiency and environment.

The industry requires massive investments. This sector provides direct & indirect employment to more than half a million people and is an important contributor in the induction furnace / electric arc furnace steel making route. The minimum import price of steel is a good move to protect the Indian steel industry which will provide great relief to the Indian steel producers from the dumping of cheaper steel.

Your company operates two rotary kilns with installed capacity of 100 TPD and 500 TPD. Company has its customer base mainly in western Region in India and export market. The waste gas from sponge making kilns has significant energy in the form of heat. This energy is recovered in waste heat recovery boilers to generate steam, which then passes through generator for producing power. Company has two waste heat recovery boilers of 53.2 TPH and 10.3 TPH. Combined capacity of power plant is 40 MW. Surplus power is sold by way of wheeling to Shah Alloys Ltd. being promoter of SAL Steel. Iron ore and coal are two important raw materials in production of sponge iron. Iron ore and pellets are procured indigenously and sometime imported. Coal was sourced mostly from overseas markets.

Ferro chrome is a value - added intermediate product which imparts the non-corrosive property to stainless steel and special alloy steel.

## OPPORTUNITIES AND THREAT:

As the financial crisis hit the global economy, the Direct Reduction Industry was hit as hard as other sectors. Though the slow down prospect cannot be defied, the growth of the industry is expected to remain robust in the coming future. Demand of sponge iron is synonymous with the secondary steel industry subjected to other factors remaining same and hence industry should logically be quite optimistic.

The depressed demand in sponge iron can be attributed to the overall weak demand for steel products. The demand for finished steel in India has been weak for the past couple of quarters and has, in turn, affected demand for sponge iron. With the opening up of key mines in Odisha, the top iron ore producing state, raw material rates would fall.

It needs no reiteration that the fortunes of ferro alloy industry saddled to that of the steel industry. In the current year, steel prices have been down by about 33% & consequently the fall in gross margins of steel producers, which has been alarming.

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Production of sponge iron during the year was 1,57,065 MT as compared to 1,53,646 MT as compared in the previous year. Production of Ferro Chrome was 12,264 MT as compared to 12,339 MT in the previous year.

Accordingly, sales for sponge iron during the year was 1,56,939.75 MT as compared to 1,52,286.140 MT in the previous year. Sales of Ferro Chrome during the year were 12,408.95 MT as compared to 11,885.625 MT in the previous year.

Company has a power generation plant of 40 MW. During the year 99660.25 MWH of power was sold by way of Captive Consumption as against 71,717.750 MWH in the previous year.

During the year under review Net Turnover of the Company has been increased from Rs. 33819.36 lacs to Rs. 36298.13 as compared to previous year's turnover. Company has registered a net profit of Rs. 689.25 as compared to loss of Rs. 2876.84 lacs during previous year.

## OUTLOOK

The Indian economy has showed clear signs of recovery in FY 2016-17. The Govt. of India has centralized focus on ease of doing business. In this endeavor it has done away with various compliances in business and taking various reforms like the biggest historical tax reform in Indirect Taxation. The GST would be game changer and promises a lot to the Indian economy. It is expected to boost Indian GDP growth by 1.5 - 2 %. The "Make in India" plan alongwith scheme of entry of Private Sector companies into various sectors will give a major boost to the Indian Industry. The Indian mines are under process of market development and would like to see some positive signs of demands raised for product development. The borrowing cost may not see rise this year owing to liquidity availability with bankers due to demonetization. Your company is expecting better results in the coming years.

#### 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, 2016 was 330. Human Resource and Industrial Relations departments have developed systems and policies on recruitment, performance management, learning and development, and employee engagement. The Workers union of the Company has maintained healthy and cordial industrial relations, and has been an equal partner in implementing Company's policies and achieving stretched operational targets, year on year.

#### CAUTIONARY NOTE

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

## INDEPENDENT AUDITOR'S REPORT

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

## Report on the Financial Statements

We have audited the accompanying financial statements of S.A.L STEEL Limited ('the Company), which comprise the Balance sheet as at March 31, 2017, the Statement of Profit and loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Basis for Qualified Opinion

1. *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 capital advances for the said project for the amount of Rs. 912.32 Lacs 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 statements is currently not ascertainable. Therefore, we are unable to comment on its consequential financial impact, if any, on the financial statements.*

## Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid 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 March 31, 2017, and its profits for the year ended March 31, 2017 and its cash flows for the year ended on that date.

## Emphasis of Matters

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

1. Note 26 to the financial statements which describes that the Non disclosure of Reportable Segments as required under Accounting Standard – 17 'Segment Reporting', there is no impact on the Statement of Profit and Loss due to non disclosure.
2. During the year, the Company has accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred a net loss during the previous year(s) and, the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note 28 to the financial statements.

3. Assignment of dues for various facilities provided to the company by banks to Invent Assets Securitization and Reconstruction Private Limited as per Note 29 to the financial statements.
4. Note 27 to the Financials regarding the company's reference being filed under section 15(1) of SICA (Special Provision) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 has registered the reference filed by the company vide case no 109/2015.

Our opinion is not modified in respect of these matters.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance sheet, the Statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under;
  - e) The going concern matter as described in sub-paragraph (2) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18 to the financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in its Financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on Management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer to Note 45 to the Financial statements.

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

Place: Ahmedabad  
Date: May 27, 2017

Umesh Talati  
Partner  
Mem No. : 034834

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independents Auditor's Report to the members of the Company on the Standalone financial statement for the year ended 31st March 2017, we report that:

- i) In respect of its Fixed Assets:
- The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
  - As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
  - According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of the immovable properties held are in the name of the company.
- ii) In respect of its inventories:
- As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable. 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 companies, firms, Limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013:
- According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies, Limited liability partnership or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) & (c) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company.
- iv) The Company has complied with the provision of Section 185 & 186 of Companies Act, 2013 with respect of loans, investments and guaranty made.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records as specified under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of the Statutory dues:
- According to the records of the company, undisputed Statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been generally regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2017 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 which was due on May 2016 and not paid by the Company and the same is unpaid as at 31<sup>st</sup> March 2017 and (2) dues of Value added tax(VAT) during the year to the tune of Rs. 11,94,28,290/- which are outstanding for more than 180 days as at the balance sheet date..
  - 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. 25,73,86,625/- have not been deposited as on 31st March, 2017 on account of matters pending before the appropriate authorities. The details of which are as under :

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount Relates	Forum where the dispute is pending	Amount under dispute not yet deposited (in Rs.)
1.	Central Excise Act, 1944	Central Excise Duty	2006-07	Appellate Tribunal Ahmedabad	5,55,781
2.	Central Excise Act, 1944	Central Excise Duty	2008-09	Appellate Tribunal Ahmedabad	10,41,057

2.	Central Excise Act, 1944	Central Excise Duty	2008-09	Appellate Tribunal Ahmedabad	10,41,057
3.	Custom Act, 1962	Custom Duty	2011-12	Appellate Tribunal Ahmedabad	2,41,79,202
4.	Central Excise Act, 1944	Central Excise Duty	2012-13	Appellate Tribunal Ahmedabad	4,49,84,993
5.	Gujarat Value Added Tax Act 2003	Value Added Tax	2006-07	Jt. Value Added Tax Commissioner (Appeal)	3,65,63,595
6.	Central Excise Act, 1944	Central Excise Duty	2008-09 to 2010-11	Supreme Court	5,90,14,068
7.	Central Service Tax Act, 1994	Service Tax Duty	2009-10	Service Tax Commissioner	25,36,074
8.	Central Excise Act, 1944	Central Excise Duty	2005-06 to Sep 2014	Central Excise Commissioner	6,26,28,410
9.	Central Excise Act, 1944	Central Excise Duty	2012-13	Central Excise Commissioner	80,11,535
10.	Gujarat Value Added Tax Act 2003	Value Added Tax	2011-12	Jt. Value Added Tax Commissioner (Appeal)	1,78,71,910

viii) On the basis of the information and explanation given to us and on the basis of records produced before us, the company has defaulted in repayment of dues as follows:

NAME OF THE BANK	NATURE OF FACILITY	Amount (in Rs.) of Default as at 31-03-2017	Period Of Default (No. of Days)
Union Bank Of India	Term Loan	45,85,10,556	1 to 1170
	Working Capital	31,93,91,914	1 to 745
	Interest	30,41,67,170	1 to 745
State Bank of India	Term Loan	41,05,87,716	1 to 1170
	Working Capital	37,35,80,824	1 to 944
	Interest	39,41,86,852	1 to 944
State Bank of Saurashtra	Term Loan	7,67,57,187	1 to 1170
State Bank of Hyderabad	Term Loan	5,07,11,642	1 to 1170
	Interest	2,38,72,699	1 to 836

\*The Dues of State bank of Hyderabad, Union Bank of India, State bank of India have been assigned to Invent Assets Securitization and Reconstruction Pvt Ltd respectively w.e.f 1st July 2015, 3rd July 15 and 30th Oct 2015. However, no agreements have been executed between the company and Invent Assets Securitization and Reconstruction Pvt Ltd as on March 31, 2017. And hence, defaults have been considered towards banks as mentioned above till the date of Dues of respective banks being assigned to Invent Assets Securitization and Reconstruction Pvt Ltd.

- ix) According to the records of the company, the company has neither raised any monies by way of Initial Public Offer or Further Public Offer nor has the company obtained any term loan. Hence, the comments under the clause are not called for.
- x) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officers and employee has been noticed or reported for the year under audit.
- xi) The Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- xii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a nidhi company. Hence, in our opinion, the requirements of clause (xii) of Paragraph 3 of the Order do not apply to the Company.
- xiii) The Company has complied with Section 177 and 188 of Companies Act, 2013, in respect of transactions with the related parties and relevant details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or full or convertible debentures during the year under review. Hence, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of Clause (xvi) of paragraph 3 of the Order are not applicable to the Company.

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

Place: Ahmedabad  
Date: May 27, 2017

Umesh Talati  
Partner  
Mem No. : 034834



## Balance Sheet as at March 31, 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholders' funds			
(a) Share Capital	3	8,496.67	8,496.67
(b) Reserves and Surplus	4	(11,317.12)	(12,006.37)
		(2,820.45)	(3,509.70)
(2) Non-current liabilities			
(a) Long-term borrowings	5	90.52	424.92
(b) Other Long Term Liabilities	6	44.05	44.05
(c) Long-term provisions	7	84.48	77.43
		219.05	546.40
(3) Current liabilities			
(a) Short-term borrowings	8	7,982.48	7,116.57
(b) Trade payables	9	3,147.57	2,307.33
(c) Other current liabilities	10	20,357.46	18,483.58
(d) Short-term provisions	11	73.54	81.63
		31,561.05	27,989.11
<b>TOTAL</b>		<b>28,959.65</b>	<b>25,025.81</b>
<b>II ASSETS</b>			
Non-current assets			
(1) (a) Fixed assets			
(i) Tangible assets	12	13,274.24	13,974.61
(ii) Intangible assets		5.77	5.77
(iii) Capital work-in-progress		2,470.25	2,470.25
		15,750.26	16,450.63
(b) Long-term loans and advances	13	841.85	938.87
		16,592.11	17,389.50
(2) Current assets			
(a) Inventories	14	6,020.33	2,920.14
(b) Trade receivables	15	5,380.53	4,038.42
(c) Cash and Cash equivalents	16	123.67	111.23
(d) Short-term loans and advances	17	843.01	566.52
		12,367.54	7,636.31
<b>TOTAL</b>		<b>28,959.65</b>	<b>25,025.81</b>
The accompanying notes are an integral part of these financial statements		1 to 46	

**As per our Report of even date****For Talati & Talati**Chartered Accountants  
FRNo: 110758W**Umesh Talati**Partner  
M.No. 34834

Place : Ahmedabad

Date : 27/05/2017

**For and on behalf of the Board of Directors****Rajendra V. Shah**

Chairman

**B M Singhal**

Whole Time Director Cum CFO

**Anil Pandya**

Whole Time Director

**Nirajkumar Jain**

Company Secretary

## Statement of Profit &amp; Loss for the year ended on March 31, 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
I. Revenue from Operations	19	39,702.93	37,512.82
Less:Excise duty		3,641.77	3,751.53
Revenue from Operations(net)		36,061.16	33,761.29
II. Other income	20	236.97	58.07
III. Total revenue (I + II)		36,298.13	33,819.36
IV. Expenses			
Cost of materials consumed	21	24,029.98	22,586.99
Purchases of stock-in-trade		0.00	0.00
Changes in inventories of finishedgoods , work-in-progress and stock-in-trade.	22	(274.48)	(218.77)
Employee benefits expense	23	1,271.32	1,101.86
Finance costs	24	73.06	1,240.00
Depreciation and amortization expense		764.23	846.86
Other expenses	25	9,744.77	7,969.02
Total expenses		35,608.88	33,525.96
V. Profit before Extra Ordinary Items and Tax (III-IV)		689.25	293.40
VI Extra Ordinary Items ( Refer Note No 30)		0.00	3,170.24
VII Profit (Loss) before Tax (V-VI)		689.25	(2,876.84)
VIII Tax expense:			
Deferred tax		0.00	0.00
Income tax of earlier years		0.00	0.00
IX Profit (Loss) after tax		689.25	(2,876.84)
Earnings per equity share(Face value of Rs.10/- each)	34		
Basic and Diluted - Before Extra Ordinary Items		0.81	0.35
Basic and Diluted - After Extra Ordinary Items		0.81	(3.39)
The accompanying notes are an integral part of these financial statements	1 to 46		

## As per our Report of even date

## For Talati &amp; Talati

Chartered Accountants  
FRNo: 110758W

## Umesh Talati

Partner  
M.No. 34834

Place : Ahmedabad

Date : 27/05/2017

## For and on behalf of the Board of Directors

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 2017

(Pursuant to the listing Agreement with Stock Exchange)

(Amount ₹ in Lacs)

Particulars	2016-17		2015-16	
A CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT/(LOSS) BEFORE TAX		689.25		(2,876.84)
Add/(Less):				
Depreciation and amortization expense	764.23		846.86	
Loss on Sale of Assets	0.00		2.12	
Sundry Debit Balance written off	(97.86)		2.47	
Unrealised Foreign Exchange Loss	30.37		3.30	
Financial Cost	73.06		1,240.00	
Bad Debts		0.04		16.14
Provision for Doubtful Debts and Advances	10.04		56.86	
Interest Income	(1.05)	778.83	(18.27)	2,149.48
		1,468.08		(727.36)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Adjustments for:				
Trade and Other Receivables	(1,628.69)		(2,292.47)	
Inventories	(3,100.19)		246.07	
Trade Payables and other liabilities	2,446.19	(2,282.69)	(208.89)	(2,255.29)
CASH GENERATED FROM OPERATIONS		(814.61)		(2,982.65)
Less: Income Tax		0.00		0.00
CASH FLOW BEFORE EXTRA ORDINARY ITEMS		(814.61)		(2,982.65)
Add / (Less):				
Impairment of Capital Work In Progress		0.00		3,170.24
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		(814.61)		187.59
B CASH FLOW FROM INVESTING ACTIVITIES:				
Sale Proceeds of Assets			5.00	
Interest Income	1.05		18.27	
Purchase of Fixed Assets	(63.86)		(152.16)	
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		(62.81)		(128.89)
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Short Term Borrowing	865.91		(558.58)	
Financial Expense	(73.06)		(1,240.00)	
Proceeds of Loans and Advances	97.01		1,720.49	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		889.86		(78.09)
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS(A+B+C)		12.44		(19.39)
Cash & Cash Equivalent in the Beginning of the year		111.23		130.62
Cash & Cash Equivalent in the Closing of the year		123.67		111.23
<b>Note:</b>				
<b>Cash and Cash equivalents</b>				
Balances with Banks (in Current Accounts)		121.62		77.16
Cash on Hand		2.05		6.97
Margin Money with Banks		0.00		27.10
Total		123.67		111.23

As per our Report of even date

For and on behalf of the Board of Directors

## For Talati &amp; Talati

Chartered Accountants  
FRNo: 110758W

## Umesh Talati

Partner  
M.No. 34834

Place : Ahmedabad

Date : 27/05/2017

## Rajendra V. Shah

Chairman

## B M Singhal

Whole Time Director Cum CFO

## Anil Pandya

Whole Time Director

## Nirajkumar Jain

Company Secretary

**Notes to financial statement for the year ended 31 March 2017****1. 1.1 CORPORATE INFORMATION**

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 surplus power is sold resulting profit.

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT**

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

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

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

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

**2.2 Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Company recognizes Sales at the point of transfer of significant risks and rewards of ownership to the customers. Sales are inclusive of Excise Duty and Sales Tax and net of rebate/returns and trade discount. Sales tax / Value added tax paid is charged to Profit and Loss Accounts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account, the amount outstanding and the rate applicable.

**2.3 Excise Duty**

Excise Duty recovered are included in sales. Excise Duty in respect of increase / decrease in Finished Goods are shown separately under the head "Other expenses" and included in Valuation of Finished goods.

**2.4 Fixed Assets :****Tangible Assets:**

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

**Intangible Assets:**

- a) Intangible assets are stated at cost and acquisition less accumulated amortization and impairment loss, if any.

## 2.5 Valuation of Inventories

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

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

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

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

## 2.6 Cash flow statement

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

## 2.7 Investments

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

## 2.8 Employee Benefits

### (a) Short term

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

### (b) long term

The Company has both defined contribution and defined benefit plans.

### (c) Defined contribution plans

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

### (d) Defined benefit plans

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

### (e) Other employee benefits

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

## 2.9 Taxation

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

## 2.10 Depreciation

On Tangible Assets:

Depreciation on fixed assets is provided using the straight line method based on rates specified in Schedule II of the Companies Act 2013.

#### On Intangible Assets:

Amortization is provided on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and amortization period is revised to reflect the change in pattern if any.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Statement of Profit and Loss.

#### 2.11 Foreign currency transactions

Transactions in the foreign currency, which are covered by forward contracts, are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the Statement of Profit and Loss over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are recorded at rate of exchange in force at the time of occurrence of transactions. Gain or Loss due to fluctuation in exchange rates is dealt with through Statement of Profit and Loss. Monetary Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate. The difference in transactions of monetary liabilities and related gains or losses on foreign exchange transactions is recognized in the Statement of Profit and Loss.

#### 2.12 Borrowing Cost

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

#### 2.13 Earnings Per Share

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

#### 2.14 Impairment of Assets

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

#### 2.15 Provisions, Contingent Liability and Contingent Asset

- (a) Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- (b) Contingent liabilities are not recognized but are disclosed in the notes.
- (c) Contingent Assets are neither recognized nor disclosed in the financial statements.

#### 2.16 Cash and Cash Equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. This comprises cash and deposit with banks and financial institutions.

## Notes forming part of the Financial Statements

(Amount ₹ in Lacs)

Note 3 : SHARE CAPITAL	As At March 31, 2017	As At March 31, 2016
The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of Rs₹ 10/- each as follows:		
<b>Authorised</b>		
14,00,00,000 Equity Shares of Rs₹ 10/- each (Previous year : 14,00,00,000 Equity Shares of Rs₹ 10/- each)	14,000.00	14,000.00
<b>Issued, Subscribed &amp; Fully Paid-Up</b>		
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)	8,496.67	8,496.67
<b>Total</b>	<b>8,496.67</b>	<b>8,496.67</b>

## a) Reconciliation of Number of Shares:

Equity Shares:	As At 31st March, 2017		As At 31st March, 2016	
	Number of shares	Amount (₹ in Lacs)	Number of shares	Amount (₹ in Lacs)
Shares outstanding at the beginning of the year	8,49,66,700	8,496.67	8,49,66,700	8,496.67
Changes during the Year	-	0.00	-	0.00
<b>Shares outstanding at the end of the year</b>	<b>8,49,66,700</b>	<b>8,496.67</b>	<b>8,49,66,700</b>	<b>8,496.67</b>

## 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 Shares held by Shareholders holding more than 5% in the Company

Name of the Shareholder	As At 31st March, 2017		As At 31st March, 2016	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
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

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

Note 4 : RESERVES & SURPLUS	As At March 31, 2017	As At March 31, 2016
(a) Security Premium Reserve: Balance as per last financials	2,878.20	2,878.20
(b) General Reserve: Balance as per last financials	5.11	5.11
(c) Capital Reserve: Forfeited Share warrant (amount originally paid up)	800.00	800.00
(d) Statement of Profit & Loss :		
Balance (Loss) as per last financials	(15,689.68)	(12,812.84)
Add: Profit / (Loss) for the Year	689.25	(2,876.84)
Closing Balance	(15,000.43)	(15,689.68)
Total	(11,317.12)	(12,006.37)

Forfeited Share warrant (amount originally paid up):  
3,20,00,000 convertible warrants of ₹ 10/- each forfeited on 2nd August, 2013 on account of non payment of remaining amount due as per terms of the issue. Amount forfeited is ₹ 800 lacs only.

Amount (₹ in Lacs)

Note 5 : LONG TERM BORROWINGS	As At March 31, 2017	As At March 31, 2016
(A) Secured :		
Term Loans		
(i) From banks / Financial Institution	0.00	311.76
(B) Unsecured:		
(i) Deferred payment liabilities:		
Deferred sales tax liability	90.52	113.16
Total	90.52	424.92

## Secured Borrowings:

## (a) Nature of security and terms of repayment for secured borrowings:

## Term loan:

- Term Loans are Secured by first charge on all the Immovable and second charge on Movable assets present & future ranking parri passu with charges created/to be created in favour of other institution/banks subject to prior charge on current assets in favour of the company's bankers for working capital borrowings. Term loan of ₹ 5000 lacs is secured by pledge of 1,07,56,989 shares of SAL Steel Limited hold by Shah Alloys Limited (restricted to new captive power project only).
- Term loans are further secured by 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.(Amounting to ₹ 20750 lacs) Term Loan is carrying rate of Interest(at present) from 14% to 16% p.a. repayable over a period of 6 years.
- As on 31.03.2017, term Loan Borrowings from banks have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (ARC) together with all their rights, title and interest in the financial documents and any underline security interest / pledged and / or guarantees in respect of such loans. However the company has not yet entered any agreement with ARC and hence no charge is transferred to ARC.

## (b) Period and amount of default as on the balance sheet date:

The company has made a default in repayment of Principal amount of Term Loan and Interest of ₹ 8900 lacs and ₹ 4649.43 lacs respectively as at the balance sheet date. The bankwise position of default is as under: (Amount ₹ in lacs)

Name of Bank / Financial Institution	Default of Term Loan as at 31-03-2017	Period of Default ( No of Days)	Default of Interest on Term Loan as at 31-03-2017	Period of Default ( No of Days)
Union Bank of India	4,585.11	1 to 1170	2,010.53	1 to 745
State Bank of India	4,105.88	1 to 1170	2,400.17	1 to 944
State Bank of Saurashtra	767.57	1 to 1170	0.00	
State Bank of Hyderabad	507.11	1 to 1170	238.73	1 to 836
Total	9,965.67		4,649.43	



## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

## 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

## (b) Period and Amount of default as on Balance Sheet Date

The company has also defaulted in payment of first installment of deferred sales tax liability which was due in May 2016 for ₹ 22.63 Lacs.

The said default continues as at the balance sheet date for 304 days

Note 6: Other Long term Liabilities	As At March 31, 2017	As At March 31, 2016
Others:		
Trade Deposit	44.05	44.05
Total	44.05	44.05

Note 7: Long term provisions	As At March 31, 2017	As At March 31, 2016
Provision for employee benefits:		
Provision for gratuity	61.44	54.40
Provision for leave encashment	23.04	23.03
Total	84.48	77.43

Note 8 : Short term borrowings	As At March 31, 2017	As At March 31, 2016
(A) Secured:		
Loans repayable on demand		
Working capital facilities		
(i) From banks/ financial Institution	6,929.73	6,929.73
(B) Unsecured:		
Loans and advances from related parties:		
- Inter corporate deposit	1,038.85	135.85
Deposits:		
- Inter corporate deposit	13.90	50.99
Total	7,982.48	7,116.57

## Nature of security provided for short term borrowings:

## Cash Credit facilities:

Cash Credit facilities are Secured by hypothecation of entire current assets of the company on parri passu basis with the consortium member banks & second charge on fixed assets of the company on parri passu basis with consortium member banks.

The Loans are further secured by personal guarantee of i) Shri Rajendrabhai V. Shah ii) Smt. R.R. Shah iii) Shri Jayesh .V. Shah and iv) Corporate guarantee of M/s Shah Alloys Limited(Amounting to ₹ 20750 lacs

As at 31.03.2017, working capital facilities from banks have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (ARC) together with all their rights, title and interest in the financial documents and any underline security interest / pledged and / or guarantees in respect of such loans. However, the company has not yet entered any agreement with ARC and hence no charge is transferred to ARC.

## Period and Amount of default as on the Balance sheet date:

The company has defaulted in repayment of working capital facilities and interest there on for ₹ 6929.73 lacs and ₹ 2572.83 lacs respectively as at the balance sheet date. The Bankwise details of defaults is as under: (Amount ₹ in lacs)

Name of Bank / Financial Institution	Default of Term Loan as at 31-03-2017	Period of Default ( No of Days)	Default of Interest on Term Loan as at 31-03-2017	Period of Default ( No of Days)
Union Bank of India	3,193.92	1 to 745	1,031.14	1 to 745
State Bank of India	3,735.81	1 to 944	1,541.69	1 to 944
Total	6,929.73		2,572.83	

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

## Loans and Advances from Related Parties:

The company has taken loan during the year from a related party as mentioned herewith: SAL Care Private Limited and SAL Hospital & Medical Institute (a division of SAL Care Private Limited) and SAL Corporation Pvt Limited total amount of ₹ 931.01 lacs and repaid of ₹ 28.01 lacs during the year. This party is covered under the register maintained under section 189(1) of the Companies Act, 2013.

Note 9 : Trade Payables	As At March 31, 2017	As At March 31, 2016
Due to Micro, Small and Medium Enterprises *		
Other than Micro, Small and Medium Enterprises	3,147.57	2,307.33
Total	3,147.57	2,307.33

\* 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.

Note 10: Other current liabilities	As At March 31, 2017	As At March 31, 2016
(a) Current Maturities of Long term Debt	334.72	1,088.81
(b) Interest accrued and due on borrowings	7,222.27	7,222.27
(c) Income received in advance	187.50	133.75
(d) Other payables:		
- Term Loans from Banks / Financial Institution	9,965.67	8,900.00
- Statutory dues & unpaid expense	2,572.40	1,086.48
- Creditors for capital goods	52.27	52.27
- Deferred sales tax Liability	22.63	0.00
Total	20,357.46	18,483.58

Note 11 : Short term provisions	As At March 31, 2017	As At March 31, 2016
Provision for Employee Benefits:		
Provision for bonus	58.11	65.76
Provision for gratuity	10.27	10.71
Provision for leave encashment	5.16	5.16
Total	73.54	81.63

## Note 12 : 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 2015	520.95	4,431.32	24,762.18	61.96	1,036.29	41.00	99.68	30,953.38
Addition	148.35	0.00	0.00	0.00	0.00	2.75	1.07	152.17
Disposal/Adjustments	0.00	0.00	0.00	0.00	15.49	0.00	0.00	15.49
As at 31st March 2016	669.30	4,431.32	24,762.18	61.96	1,020.80	43.75	100.75	31,090.06
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	0.00
Other adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2017	730.56	4,431.32	24,763.72	61.96	1,020.80	44.00	101.56	31,153.92
Depreciation								
As at 1st April 2015	0.00	1,325.67	14,073.28	45.16	702.90	34.84	95.11	16,276.96
Charge for the year	0.00	137.12	588.35	12.62	105.97	2.37	0.42	846.85
Disposal/Adjustments	0.00	0.00	0.00	0.00	8.36	0.00	0.00	8.36
As at 31st March 2016	0.00	1,462.79	14,661.63	57.78	800.51	37.21	95.53	17,115.45
Charge for the year	0.00	137.14	558.42	1.08	65.08	2.11	0.40	764.23
Disposal/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2017	0.00	1,599.93	15,220.05	58.86	865.59	39.32	95.93	17,879.68
Net Block								
As at 31st March 2016	669.30	2,968.53	10,100.55	4.18	220.29	6.54	5.22	13,974.61
As at 31st March 2017	730.56	2,831.39	9,543.67	3.10	155.21	4.68	5.63	13,274.24

**Notes forming part of the financial statements [Contd...]**

(Amount ₹ in Lacs)

**INTANGIBLE ASSETS :**

PARTICULARS	SOFTWARE	TOTAL
Cost of Assets		
As at 1st April 2015	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 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
Depreciation		
As at 1st April 2015	109.53	109.53
Charge for the year	0.00	0.00
Disposal/Adjustments	0.00	0.00
As at 31st March 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
Net Block		
As at 31st March 2016	5.77	5.77
As at 31st March 2017	5.77	5.77

CAPITAL WORK IN PROGRESS	31.03.2017	31.03.2016
Building and Plant & Machinery (Refer note : 30)	2,470.25	2,470.25
Total	2,470.25	2,470.25

- (i) Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
- (ii) Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.
- (iii) Advances to Project suppliers are shown under Long term loans & advances included in Capital advances.

Note 13: Long Term Loans and Advances(Unsecured, considered good unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Capital Advances (refer note no: 30)	912.32	941.22
Less: Provision made for doubtful advances	237.84	169.32
	674.48	771.90
Security Deposits	167.37	166.97
Total	841.85	938.87

Note 14: Inventories (At lower of cost or net realisable value)	As At March 31, 2017	As At March 31, 2016
(As taken, valued and certified by the management)		
Raw Materials		
i) In stock	948.87	834.50
ii) In Transit / with third party	2,951.14	112.50
Work in Progress	89.41	19.62
Finished Goods	1,095.65	891.26
Stores and Spares	927.96	1,055.26
Others:		
By Products	7.30	7.00
Total	6,020.33	2,920.14

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

Note 15: Trade receivables (Unsecured, considered good unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Unsecured Considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	351.50	278.81
Others	5,029.03	3,759.61
Doubtful	10.04	10.04
Total	5,390.57	4,048.46
Less: Provision made for doubtful debts	10.04	10.04
Total	5,380.53	4,038.42
Trade Receivables includes ₹ 4900.28 lacs in CY and ₹ 3234.37 in PY from Associated concerns (i.e. Shah Alloys Ltd) in which director of a Company is interested.		

Note 16: Cash and Cash equivalents	As At March 31, 2017	As At March 31, 2016
i) Balances with banks (in Current Accounts)	121.62	77.16
ii) Cash on Hand	2.05	6.97
iii) Margin Money*	0.00	27.10
Total	123.67	111.23
* Margin Money deposits are given as margin against Bank Guarantee opened with bank.		

Note 17: Short term loans and advances(Unsecured, considered good unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Others:		
Loans and Advances to Related Parties		
Advances recoverable in cash or in kind	833.18	545.75
Less: Provision made for doubtful advances	148.98	119.10
	684.20	426.65
Advance Income Tax (Net of Provision)	23.13	34.78
Balance with Government Authority	123.35	97.58
Loans and Advances to Employees	12.33	7.51
Total	843.01	566.52

Note : 18 Contingent liabilities and commitments (to the extent not provided for):	As at March 31,2017	As at March 31,2016
(A) Contingent liabilities:		
(i) Claims against the company not acknowledged as debts:		
With Government Authorities	2,557.90	2,557.90
Banks / Financial institutions	7,273.37	7,219.67
Others	5,317.40	4,664.51
(ii) Guarantees:		
Corporate guarantees given to banks for Shah Alloys Limited	0.00	0.00
Bank guarantee given	21.27	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: ₹ 522.78 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.		

**Notes forming part of the financial statements [Contd...]**

(Amount ₹ in Lacs)

Note 19: Revenue from operations	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Sale of Products	39,682.92	37,512.82
Other operating revenues	20.01	
	39,702.93	37,512.82
Less: Excise duty	3,641.77	3,751.53
<b>Total</b>	<b>36,061.16</b>	<b>33,761.29</b>

Note 19.1: Particulars of Sale of Products	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Sponge Iron	25,215.81	25,975.35
Ferro Alloys	10,402.27	8,602.17
Others	78.43	66.59
Power	3,986.41	2,868.71
<b>Total</b>	<b>39,682.92</b>	<b>37,512.82</b>

Note 20: Other income	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Interest income:		
Interest from FDR with Banks	2.47	3.08
Other Interest	1.69	15.19
Non operating income:		
Rent Income	9.60	9.60
Miscellaneous receipts	1.20	1.20
Foreign exchange fluctuation Gain (Net)	124.15	29.00
Sundry balances written back(Net)	97.86	0.00
<b>Total</b>	<b>236.97</b>	<b>58.07</b>

Note 21: Cost of material consumed	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Raw material consumed		
Opening stock	945.35	991.21
Purchases and Direct Expense	26,961.93	22,541.13
Less :Closing stock	3,877.30	945.35
<b>Total</b>	<b>24,029.98</b>	<b>22,586.99</b>

Note 22: Changes in inventories of finished goods, work-in-progress and Stock-in-Trade.	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
A) Opening stock		
Finished goods	891.26	632.51
Work in progress	19.62	50.59
By-products	7.00	16.02
Sub-Total (A)	917.88	699.12
B) Less: Closing stock		
Finished goods	1,095.65	891.27
Work in progress	89.41	19.62
By-products	7.30	7.00
Sub-Total (B)	1,192.36	917.89
<b>Total(A-B) (274.48)</b>	<b>(218.77)</b>	

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

Note 23: Employee benefits expense	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Salaries,wages & bonus	1,175.06	1,012.50
Contribution to provident & other funds	55.25	58.46
Staff welfare expenses	41.01	30.90
<b>Total</b>	<b>1,271.32</b>	<b>1,101.86</b>

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

## Defined contribution plan:

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	40.86	41.51

## Defined Benefit Plan:

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity

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

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Opening defined benefit obligation at the beginning of the year	65.11	55.59	28.20	21.50
Current Service cost	16.74	15.95	9.61	9.37
Interest cost	4.75	4.01	2.04	1.57
Actuarial (Gain) / Loss	(7.11)	(9.71)	(15.90)	(4.24)
Benefits paid	(7.78)	(0.73)	0.00	0.00
Closing defined benefit obligation at the end of the year	71.71	65.11	23.95	28.20

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

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Opening fair value of plan assets				
Expected return on plan assets				
Actuarial Gain / (Loss)	Not applicable as Gratuity Liability is not funded		Not applicable as Gratuity Liability is not funded	
Employer contribution				
Benefits paid				
Closing fair value of plan assets				

## III. Reconciliation of fair value of assets and obligation:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Fair value of plan assets	0.00	0.00	0.00	0.00
Present value of obligation	71.71	65.11	23.95	28.20
Amount recognised in balance sheet	71.71	65.11	23.95	28.20

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

## IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '23')

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Service cost	16.74	15.95	9.61	9.37
Interest cost	4.75	4.01	2.04	1.57
Expected return on plan assets				
Actuarial Gain /( Loss)	(7.11)	(9.71)	(15.90)	(4.24)
Net cost included in 'Employee Benefit Expense'	14.38	10.25	(4.25)	6.71

## V. Investment details:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
GOI Securities				
Public Securities				
Special Deposit Schemes				
State Govt. Securities				
Private Sector Securities				
Insurance Policies				
Others				
	Not applicable as Gratuity Liability is not funded		Not applicable as Gratuity Liability is not funded	

## VI. Actuarial assumptions:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Mortality Table	LIC 2006-08	LIC 2006-08	LIC 2006-08	LIC 2006-08
Discount rate (per annum)	7.15%	7.95%	7.15%	7.95%
Expected rate of return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

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

Particulars	31-03-2017	31-03-2016	31-03-2015	31-03-2014	31-03-2013
Gratuity (Unfunded)					
Defined Benefit obligation	71.71	65.11	55.59	46.38	52.61
Plan assets	0.00	0.00	0.00	0.00	0.00
Surplus / (Deficit)	(71.71)	(65.11)	(55.59)	(46.38)	(52.61)
Experience adjustments on plan liability	(11.06)	(10.77)	(6.97)	(14.83)	(4.84)
Experience adjustments on plan assets	0.00	0.00	0.00	0.00	0.00
Leave encashment (Unfunded)					
Defined benefit obligation	23.95	28.20	21.50	13.07	17.58
Experience adjustment on plan liability	(17.04)	(4.48)	(1.51)	(9.20)	(1.05)

## VIII Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2015-16 (₹ 41.50 lacs) to the defined contribution plan.

However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

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

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

Note 24: Finance costs	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
(A) Interest expense:		
Term loans	0.00	708.15
Working capital	0.00	446.90
Others	73.06	84.95
Total	73.06	1,240.00

Note 25: Other expenses	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Consumption of stores & spares	1,192.02	1,502.23
Power & fuel (Including cost of power generation)	4,849.63	3,824.72
Labour charges	546.41	497.77
Rent expenses	44.17	54.25
Rates & taxes (incl. wealth tax of ₹ Nil) [PY wealth tax ₹ 1,00,000/-]	43.64	6.18
Legal, consultancy & professional charges	185.82	89.18
Commission and Brokerage expense	19.85	47.41
Bad debts	0.04	16.14
Payment to Auditors #	7.70	8.19
Freight outward	643.10	408.87
Vat Expense \$	1,551.20	1,032.98
Service tax	13.10	14.27
Repairs		
- to Factory building	1.64	1.06
- to Plant & machinery	39.94	41.64
- to Others	81.96	44.04
Insurance	6.74	5.44
Excise duty adjustment for stock*	22.73	26.43
Miscellaneous expenses	495.08	348.22
Total	9,744.77	7,969.02

\$ The Company had received remission certificate from the Gujarat Value Added Tax, 2003 and accordingly the VAT/ CST collected by the Company becomes Income of the Company and accordingly credited to Statement of Profit And Loss. The validity of the said certificate expires on 11th October 2015 and hence there after VAT/CST collected by the Company becomes payable and charged to the statement of Profit and Loss accounts.

\* Excise duty adjustment for stock represents the difference between excise duty on opening and closing stock of finished goods.

# Payments to Auditors	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
As Auditors	5.50	5.50
For other services	2.20	2.69
Total	7.70	8.19

## 26 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 Accounting Standard -17, Segment Reporting. However, due to substantial competition, risk, on-going position of Company and largely in the interest of the Company as well as interest of the stake holders involved, therefore, management has not made disclosure of Primary Reportable segment as per Accounting Standard -17 "Segment Reporting" . Further, the Company has its business within the geographical territory of India Therefore; Company has considered "INDIAN GEOGRAPHY" as the only secondary reportable business segment, as per the Accounting Standard 17 "Segment Reporting"



- 27 The Company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24<sup>th</sup> August 2015 had registered the reference filed by the company vide case no 109/2015.
- 28 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicates that the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. 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 for settlement. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post settlement, the Company will reduce interest burden drastically and will be optimistic about reducing of accumulated losses gradually.
- 29 Secured Borrowings from the below mentioned banks have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (Financial Institution) together with all their rights, title and interest in the financial documents and any underlined security interest / pledged and / or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred / Assigned
State Bank of Hyderabad	01/07/2015
Union Bank of India	03/07/2015
State Bank of India	30/10/2015

The Company has stopped making provision for interest on such borrowing from the date of transfer due to pending settlement with Invent Assets Securitization and Reconstruction Pvt Ltd and hence due to pending settlement, the company has taken last sanction letter as a base for classification of current / non-current liability and default of the said borrowings.

- 30 During the previous year, the company had obtained technical valuation of their Capital Work In Progress from the approved valuer and booked impairment loss of ₹31,70,24,474/- to the statement of Profit and Loss and shown as an extraordinary items. Apart from this, the Company has paid the capital advances for the amount of ₹9,12,32,064/- which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements. The machines are manufactured and ready for dispatch but company does not have further fund to pay balance amount and to lift the machines. However, the management is trying to recover such advances from the suppliers fully subject to provision of ₹2,37,83,523/- made in the books of accounts.
- 31 The Company has not recognized deferred tax assets as per AS 22 issued by ICAI due to the management anticipating no sufficient future taxable Income to recover such Deferred Tax Asset in near future.

32 RELATED PARTY DISCLOSURES:

(a) List of Related Parties and Relationships:

i. Concern where significant interest exists.

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

ii. Key Management Personnel:

<u>Name of the Key Management Personnel</u>	<u>Nature of Relationship</u>
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 Nirajkumar Jain	Company Secretary (from 09/07/2015)

## (b) Disclosure of Related Party Transactions

Sr No.	Related Party	Nature of Transaction	2016-17	2015-16
1.	Shah Alloys Limited	Purchases	194.71	105.13
		Sales (Incl Power)	17043.96	8619.40
		Rent Income	9.60	9.60
		Balance as at the year end	4900.28	3,234.36
2.	SAL Corporation Pvt Ltd	Loan repaid	0.00	26.15
		Interest	8.97	11.08
		Balance as at the year end	108.94	99.97
3.	SAL Care Pvt Ltd	Loan taken	0.00	967.87
		Loan repaid	35.88	1420.08
		Interest	00.00	39.87
		Balance as at the year end	0.00	35.88
	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. Nirajkumar Jain	Salary	3.60	1.92

33. 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.

## 34. EARNINGS PER SHARE:

PARTICULARS	2016-17	2015-16
Net Profit /(Loss) for the year attributable to Equity shareholders - Before Extraordinary Items - Amount ₹ in lacs	689.25	293.40
Net Profit /(Loss) for the year attributable to Equity shareholders - After Extraordinary Items - Amount ₹ in lacs	689.25	(2,876.84)
Weighted average number of Equity Shares outstanding for Basic EPS	8,49,66,700	8,49,66,700
Weighted average number of Equity Shares outstanding for Diluted EPS	8,49,66,700	8,49,66,700
Basic and Diluted earnings per share - Before Extraordinary Items (Face value of ₹ 10 each)	0.81	0.35
Basic and Diluted earnings per share - After Extraordinary Items (Face value of ₹ 10 each)	0.81	(3.39)

Note: In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

35. 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.

36. Balances of Secured and Unsecured borrowings, Sundry debtors, Creditors, Loans & advances and banks are subject to confirmation and reconciliation with respective accounts.

37. Information regarding stock:

## Capacity:

Class of Products:	Annual Licensed capacity [P.A.]		Annual Installed capacity	
	2016-17	2015-16	2016-17	2015-16
Sponge Iron	N.A.	N.A.	1,80,000 MT P A	1,80,000 MT P A
Ferro Alloys	N.A.	N.A.	61,890 MT P A	61,890 MT P A
Rolling Mill	N.A.	N.A.	25,000 MT P A	25,000 MT P A
Power Plant	N.A.	N.A.	40 MW P Hour	40 MW P Hour

Note: Installed capacity is as certified by the Management and being a technical matter, accepted by the Auditors as correct.

**Notes forming part of the financial statements [Contd...]**

(Amount ₹ in Lacs)

**38. PRODUCTION (Net Saleable Production):**

Class of Products	2016-17 Qty. (in M.T.)	2015-16 Qty. (in M.T.)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>		
Sponge Iron	157,065.00	153,646.00
Ferro Chrome	12,264.00	12,339.00
Power – (Qty in MWH)	99,660.25	71,717.75

**39. TURNOVER (Gross) (Net of Return):**

Class of Goods	2016-17		2015-16	
	QTY (in MT)	Value (₹ in lacs)	QTY (in MT)	Value (₹ in lacs)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>				
Sponge Iron	156,939.75	25,215.81	152,286.14	25,975.35
Ferro Chrome	12,408.95	104,02.27	11,885.62	8,537.44
Others		78.43		131.32
<b>TOTAL</b>		<b>35696.51</b>		<b>34,644.11</b>
Power Units MWH	99,660.25	3,986.41	71,717.75	2,868.71
<b>Total</b>		<b>39,682.92</b>		<b>37,512.82</b>

**40. OPENING AND CLOSING STOCKS:**

Class of Goods	Opening Stock				Closing Stock			
	As at 01.04.2015		As at 01.04.2016		As at 31.03.2016		As at 31-03-2017	
	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>								
Sponge Iron	1,126.347	195.72	2,486.207	337.52	2,486.207	337.52	2,806.917	441.32
Ferro Chrome	340.709	259.03	794.084	412.46	794.084	412.46	708.254	640.13
Others		193.78		148.29		148.29		21.50
<b>TOTAL:</b>		<b>648.53</b>		<b>898.27</b>		<b>898.27</b>		<b>1,102.95</b>

**41. WORK IN PROGRESS:**

Product	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
Sponge Iron	26.76	9,.05
Ferro Alloys	62.65	10.57
<b>TOTAL</b>	<b>89.41</b>	<b>19.62</b>

**42. RAW MATERIAL CONSUMED (Excluding trading goods & Captive Used)**

Class of Goods	2016-17		2015-16	
	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)
Iron Ore / Fines / Pallates	235,842.480	13,825.92	236,635.421	11,269.57
Steam Coal	125,662.782	5,916.42	130,017.023	6,383.23
Chrome Ore	28,639.798	3,509.29	29,937.960	3,775.77
Others		778.35		1,158.42
<b>TOTAL :-</b>		<b>24029.98</b>		<b>22,586.99</b>

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

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

	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
Raw Materials	9072.14	4,260.98

## 44. Value of Raw Materials, Stores, and Chemical &amp; Spares consumed during the year:

	(Amount ₹ in lacs)		% of Total Consumption	
	2016-17	2015-16	2016-17	2015-16
Raw Materials:				
i) Imported	9072.14	4,260.98	37.75	18.86
ii) Indigenous	14957.84	18,326.01	62.25	81.14
Total	24029.98	22,586.99	100.00	100.00
Stores, Spares & Chemical:				
i) Imported	0.00	0.00	0.00	0.00
ii) Indigenous	1192.02	1,502.23	100.00	100.00
Total	1192.02	1,502.23	100.00	100.00

## 45. Disclosure on Specified Bank Notes

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notification are as follows.

(Amount in Rupees)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08/11/2016	5,00,000	1,53,631	653,631
(+) Permitted receipts	0	8,36,898	8,36,898
(-) Permitted Payments	0	9,15,157	9,15,157
(-) Amount deposited in Banks	5,00,000	0	5,00,000
Closing cash in hand as on 30/12/2016	0	75,372	75,372

## 46. 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.

Signatures to Notes - 1 to 46.

## As per our Report of even date

**For Talati & Talati**  
Chartered Accountants  
FRNo: 110758W

**Umesh Talati**  
Partner  
M.No. 34834

Place : Ahmedabad  
Date : 27/05/2017

## For and on behalf of the Board of Directors

**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 14TH ANNUAL GENERAL MEETING of the Company held on Saturday, 30th September, 2017 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 **14th ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 30th September, 2017 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, 2017.
2	Reappointment of Shri Sujal Shah as Director.
3	Appointment of Statutory Auditors and fix their remuneration.
4	Reappointment of Shri Anil Pandya as Whole Time Director.
5	Reappointment of Shri Sujal Shah as Whole Time Director.
6	Reappointment of Shri BabulalSinghal as Whole Time Director.
7	Approval of Related party transactions for the financial year 2017-18.
8	Fixation of Remuneration of Cost Auditors.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature of first proxy holder

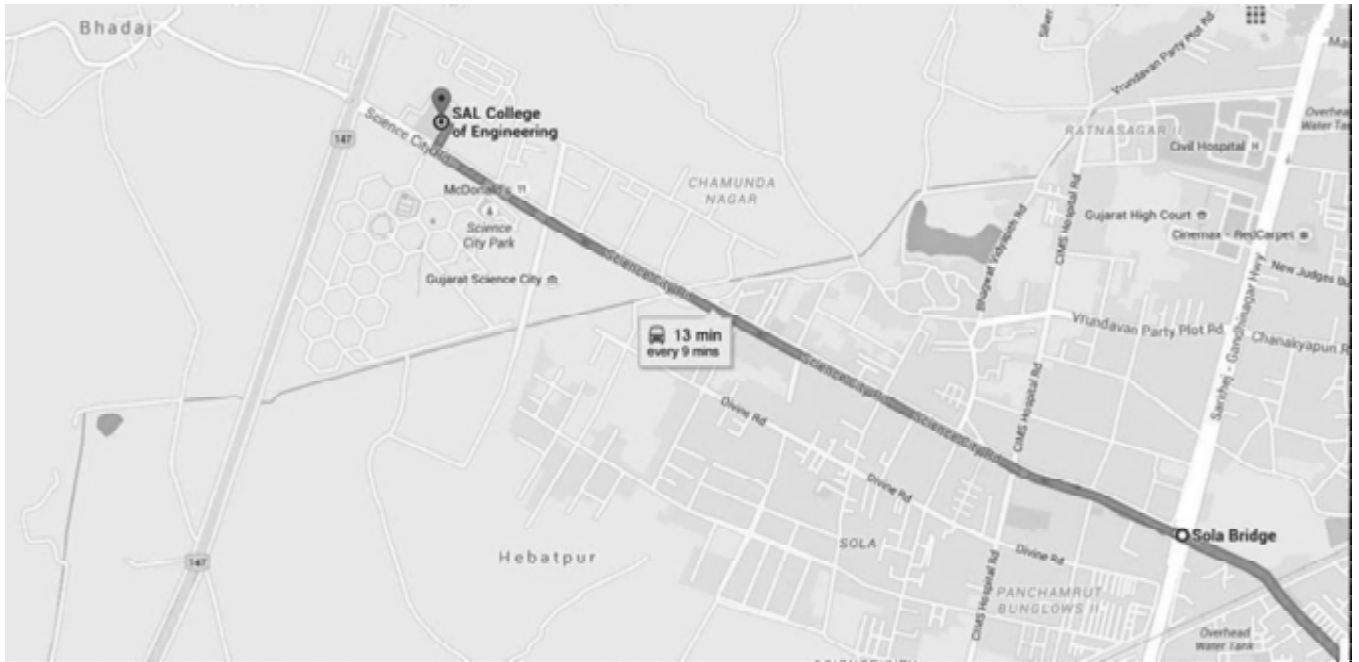
\_\_\_\_\_  
Signature of Second proxy holder

\_\_\_\_\_  
Signature of Third proxy holder

Affix  
Revenue  
Stamp

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

**Route map to reach venue of the Annual General Meeting**









**SAL**

**S.A.L. STEEL LIMITED**

If undelivered please return to:

**ADMINISTRATIVE OFFICE**

Corporate House, Sola-kalol Road,  
Santej - 382721, Ta.Kalol, Dist. Gandhinagar  
[www.salsteel.co.in](http://www.salsteel.co.in)

CIN:L29199GJ2003PLC043148