SAL

SHAH ALLOYS LTD.

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

11.10.2018

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

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

BSE Scrip Code: 513436

NSE Symbol – SHAHALLOYS

Dear Sir,

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

Pursuant to regulation 34(1) of the SEBI (LODR) Regulations, 2015, please find herewith Annual Report for the F.Y. 2017-18.

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

Thanking you,
Yours faithfully,

For Shah Alloys Ltd

Jayesh L. Bhavsar
Company Secretary

Encl: a.a

SAL

ANNUAL REPORT
2017-18

SHAH ALLOYS LIMITED

28TH ANNUAL REPORT

CIN L27100GJ1990PLC014698

Board of Directors

Shri Rajendra V. Shah	*Non ExecutiveChairman*
Shri Kandodi Srinivas Kamath	*Jt.Managing Director*
Shri Ashok A Sharma	*Whole-Time Director*
Shri Dilip Kumar Sinha	*Independent Director*
Shri G. M. Shaikh	*Independent Director*
Shri Tejpal S Shah	*Independent Director*
Shri Harshad M Shah	*Independent Director*
Smt. Shefaliben M. Patel	*Independent Director*

Chief Financial Officer

Shri Yashpal Mehta *(upto 30th June 2017)*

Shri Ashok A Sharma *(w.e.f. 5th August 2017)*

Company Secretary& Compliance Officer

Shri Vinod Kumar Shah (upto 10th April 2018)

Audit Committee

Shri G. M. Shaikh, *Chairman*

Shri Tejpal Shah

Shri Rajendra V. Shah

Nomination and Remuneration Committee

Shri G. M. Shaikh, *Chairman*

Shri Tejpal Shah

Shri Harshad M. Shah

Stakeholders' Relationship Committee

Shri G. M. Shaikh, *Chairman*

Shri Tejpal Shah

Shri Ashok Sharma

Registered Office

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

Administrative Office

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

Plant

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

Statutory Auditors

M/s. Parikh & Majmudar, Chartered Accountants,
303, "B" Wing, GCP Business Center,
Opp. Memnagar Fire Station, Nr. Vijay Cross Roads,
Ahmedabad - 380 009.

Secretarial Auditors

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

Registrar and Share Transfer Agents

Bigshare Services Private Limited (Unit: Shah Alloys Limited)
Bharat Tin Works Building,
1st Floor, Opp. Vasant Oasis,
Makwana Road, Marol, Andheri – East,
Mumbai – 400059, Maharashtra
Board No. : 022 6263 8200
Email id.: info@bigshareonline.com
Website : www.bigshare.com

Bankers to the Company

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

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

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NOTICE

NOTICE is hereby given that 28th Annual General Meeting of the Members of **SHAH ALLOYS LIMITED** will be held on **Saturday, 29th September, 2018 at 12:00 noon at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060** to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajendra V. Shah (DIN 00020904), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

3. **To consider and if thought fit, to pass, with or without modification(s), following resolution as SPECIAL RESOLUTION:**

   "RESOLVED THAT pursuant to Section 149,152 of the Companies Act, 2013 ("the Act") and pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendment, modification, variation or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby accorded for reappointment and continuation of the directorship of Shri Gulamhussein Mohammedhussein Shaikh (DIN 00367186) who has attained the age of Seventy Five years, as a non-executive Independent Director of the Company, whose term of office expires, for a further term of 5 (Five) years, to hold office upto the conclusion of the 33rd Annual General Meeting."

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

   "RESOLVED THAT pursuant to the provisions of Regulation 23 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter as "SEBI (LODR)"], as amended from time to time, consent of the Members be and is hereby accorded for all material related party contracts or arrangements entered and to be entered into for the financial year 2018-19 between the Company and S.A.L. Steel Limited for purchase of power & materials, sale of material and services at a prevailing market price in the ordinary course of business.

   RESOLVED FURTHER THAT consent of the Members be and is hereby accorded for ratification of related party transactions between the Company and S.A.L. Steel Limited entered into during the period 2017-18.

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

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

   "**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019 be paid the remuneration of ₹1,00,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit."

By order of the Board of Directors
for Shah Alloys Limited

Place: Santej **Ashok Sharma**
Date: 30.05.2018 **Whole Time Director**

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/herself 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 members and holding in 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. Complete instructions on e-voting facility provided by the Company are annexed to this Notice explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on 29th September 2018.

3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representative/s to attend and vote at the Annual General Meeting.

4. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, details of directors seeking appointment/reappointment at the Annual General Meeting is given in detail, as annexed hereto.

5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting, is annexed hereto.

6. **Shareholders are requested to bring their copy of Annual Report to the meeting.**

7. Members/Proxies should fill Attendance Slip for attending the meeting.

8. **The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 14th September, 2018 to Monday, 1st October, 2018 (both days inclusive).**

9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.

10. Relevant documents referred to in the accompanying Notice and the Explanatory Statement will remain open and available for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every member participating in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their DEMAT accounts. Members holding shares in physical form can submit their PAN to the Company or its Share Registrars and Transfer Agents.

12. **Members who have not registered their email IDs so far with their depository participants, are requested to register their email IDs for receiving all the Communications including Annual Report, Notices etc. in electronic mode.**

13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository.

14. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2018 is uploaded on the Company's website www.shahalloys.com and may be accessed by the members.

15. Electronic copy of the Annual Report for 2017-18 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, a physical copy of the Annual Report for 2017-18 is being sent in the permitted mode.

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

(i) The voting period begins on 26.09.2018 at 10 a.m. and ends on 28.09.2018 at 05:00 p.m. During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22.09.2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Log on to the e-voting website www.evotingindia.com

(iii) Click on Shareholders

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in DEMAT form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user, follow the steps given below:

	For Members holding shares in DEMAT Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both DEMAT shareholders as well as physical shareholders)
	• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/Postal Ballot Form/mail) in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in DEMAT form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the DEMAT holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If DEMAT account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.

(B) The voting period begins on 26.09.2018 at 10 a.m. and ends on 28.09.2018 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 22.09.2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

GENERAL INSTRUCTIONS FOR VOTING:

a. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

b. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

c. Shri Kamlesh. M. Shah, Practicing Company Secretary, (Membership No. A8356 and COP No. 2072, Address: 801-A, Mahalaya Complex, Opp: Hotel President, B/h. Fairdeal House, Swastik Cross Roads, Navrangpura, Ahmedabad: 380 009, Gujarat, India,) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

d. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, submit to the Chairman of the Company.

e. Results declared by the Chairman along with the Scrutinizer's Report shall be placed on the Company's website http://www.shahalloys.comand on the website of CDSL within three (3) days of passing of the resolutions at the AGM of the Company. The results shall be communicated to the NSE and BSE Limited and will also be uploaded on website of Stock Exchanges.

f. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22.09.2018, may obtain the login ID and password by sending a request at www.evotingindia.com

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

By order of the Board of Directors
for Shah Alloys Limited

Place: Santej
Date: 30.05.2018

Ashok Sharma
Whole Time Director

Registered Office:
5/1 Shreeji House,
B/h M.J. Library,
Ashram Road, Ahmedabad-380 006
CIN: L27100GJ1990PLC014698

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

Item No. 3:

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri Gulamhussein Mohammedhussein Shaikh is liable to retire as a non-executive Independent Director at this AGM. He is eligible for re-appointment. Shri Shaikh attained the age of seventy five years and as such Shri Shaikh would be able to continue his directorship in the Company, if the Company has obtained the approval of its Members by way of a special resolution. Shri Shaikh is a chartered accountant in practice dealing in taxation, accountancy, auditing. Shri Shaikh has more than 50 years of experience in the field. Considering the role played by Shri Shaikh and in order to reap the benefits of his continuous guidance, the Nomination & Remuneration Committee and Board of Directors recommends the re-appointment of Shri Shaikh as a nonexecutive Independent Director not liable to retire by rotation and also continuation of his directorship by passing a special resolution as set out at Item No. 4 of this Notice.

Since, Shri Gulamhussein Mohammedhussein, Independent Director of the Company have completed one term, he is further eligible for re-appointment for one more term. The performance evaluation of the Independent Director was conducted by the entire Board (excluding the Director being evaluated).

Accordingly, based on the performance evaluation of the Independent Director, the Nomination & Remuneration Committee and the Board of Directors of the Company at their meeting, has approved and recommended the reappointment of the aforesaid Independent Director, for a second term as provided in the resolution, and he shall not be liable to retire by rotation at the Annual General Meetings as provided under Section 152(6) of the Companies Act, 2013. The Company has received declaration from the Independent Director confirming that he meets with the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In the opinion of the Board, Shri Gulamhussein

Mohammedhussein Shaikh fulfills the conditions specified in the said Act for reappointment as Independent Director.

The Brief profile of the Director is placed under "PROFILE OF DIRECTORS" forming part of this Notice.

Item No. 4:

The Securities and Exchange Board of India, vide its Circular No. SEBI/LAD-NRO/GN/2015-16/013 dated 2nd September, 2015 (the "said circular"), introduced the regulations called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein after "SEBI (LODR)"]. As per regulation 23 (4) of the SEBI (LODR), all material related party transactions shall require approval of the shareholders through resolution in the General Meeting. 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 at arm's length basis for financial year 2018-19:

For financial year 2018-19

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount Approx. (₹ in crore)
S.A.L. Steel Limited	Associate Company	Purchase of Power & Material	350.00
		Sale of Material	10.00
		Sale of Service	50.00

As approved by the members in the Annual General Meeting held on 30.09.2017, Company entered into related party transactions for the financial year 2017-18 for sale of Material to the extent of ₹ 10 Crores to the Associate concern. However, Company executed transactions amounting to ₹ 60 Crores (approx.). In compliance of Companies Act, 2013 and SEBI (LODR) Regulations2015, Members approval is sought for ratification of excess transactions.

Purpose of the aforementioned material related party transactions

Company promoted SAL Steel Ltd. in 2003. The Project of SAL Steel is backward integration project since finished product of SAL Steel Ltd. is raw material for the Company. Further, SAL Steel Ltd. has installed group captive power plant of 40 MW and as such SAL Steel Ltd. has permission of wheeling of power to the Company. On account of above, Shah Alloys is purchasing finished product of SAL Steel Ltd. as also power generated by group captive power plant. Transactions made with SAL Steel Ltd. are at Arms' length basis in the ordinary course of business.

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

ITEM NO. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019 at the remuneration of ₹ 1,00,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 to 5 of the Notice.

For and on behalf of the Board
for Shah Alloys Limited

Date: 30.05.2018
Place: Santej

Ashok Sharma
Whole Time Director

Registered Office:
5/1 Shreeji House,
B/h M.J. Library,
Ashram Road,
Ahmedabad: 380 006
CIN: L27100GJ1990PLC014698

Details of the directors seeking re-appointment in the 28th Annual General Meeting of the Company

[Pursuant to regulation 36 (3) of the SEBI (LODR) Regulations, 2015]

Particulars	Details of Director retireby rotation	Details of Director getting reappointment
Name of Director	Shri RajendraV. Shah	Shri Gulamhussein Mohammedhussein Shaikh
DIN	00020904	00367186
Date of Birth	19.09.1955	31.07.1940
Date of Appointment	Since incorporation	24.09.2014
Relationship with other Directors Interse	None	None
Profile & Expertise in Specific functional Areas	Being Promoter of the Company has 40 years of vast experience in Steel Industry. He has been associated with various top-most positions in organizations such as Indian Stainless Steel Development Association, Delhi; Gujarat Chamber of Iron & Steel; All India Induction Furnace Association; GCCI etc.	50 years experience in the field of Accounts, Audit & Taxation. He is proprietor of G.M Shaikh & Co., renowned Chartered Accountants Firm, Ahmedabad.
Qualification	B. E. (Mech.)	B.Com, F.C.A.
No. of Equity Shares held in the Company	7912404 – Individual and 1531960 – HUF	NIL
List of other Companies in which Directorships are held	S.A.L. Steel Limited	Setwell Consultancy Private Limited
List of committees of Board of Directors (across all Companies) in which Chairmanship/Membership is held	**Membership in Shah Alloys Limited:** - Audit Committee - Corporate Social Responsibility Committee	**Chairmanship in Shah Alloys Limited:** - Audit Committee - Nomination & Remuneration Committee - Stakeholder Relationship Committee **Membership in Shah Alloys Limited:** - Corporate Social Responsibility Committee

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 28th Annual Report of your company on the operations and performance along with the Audited Financial Statements for the year ended on 31st March 2018.

FINANCIAL HIGHLIGHTS

₹ in Crores

Particulars	March 31, 2018	March 31, 2017
Total Revenues	564.16	349.88
Less: Total Expenditure	564.13	349.58
Profit / (Loss) before interest, depreciation, extraordinary item and tax	0.03	0.30
Less: Depreciation and Interest	13.77	28.07
Profit / (Loss) after depreciation and Interest but before extraordinary item and Tax.	(13.74)	(27.77)
Less: Extraordinary item	140.88	80.98
Profit after Extraordinary item but before tax	127.14	53.21
Less: Tax Expense / Deferred tax	85.04	10.14
Net Profit available for Appropriation	42.09	43.07
Balance to be carried forward	42.37	43.17

STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

During the year under review Total revenue from Operations and from other operating income increased from ₹ 349.88 crores in the previous year to ₹ 564.16 crores. Company has registered a profit of ₹ 42.09 crores in comparison to the profit of ₹ 43.07 crores during previous year.

During the year under review company entered into settlement agreement with Assets Reconstruction Company India Limited (ARCIL) and Invent Assets Securitisation & Reconstruction Pvt. Ltd (INVENT) for the dues assigned to them by various lenders. Company has been in constant touch with the lenders, banks and financial institutions for settlement of dues.

DIVIDEND

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

BUSINESS ACTIVITY

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The company is not having holding or subsidiary company during the year and no other company has become holding / subsidiary/ joint venture. However, it has one associate company as per details as under:

Sr. No.	Name of the Company	CIN/GLN	Concern	% of shares held by Company	Applicable Section
1.	S.A.L. Steel Limited	L29199GJ2003PLC043148	Associate	35.61%	2(6)

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

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

DEPOSIT

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

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

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

REGULATORY STATEMENT

In conformity with provision of regulation 34(2)(c) & 53(b) of SEBI (LODR), Regulations 2015, the Cash Flow Statement for the year

ended 31.03.2018 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd. and the National Stock Exchange of India Ltd. (NSE).

The Company has paid listing fees for the year 2018-19 to above stock exchanges.

DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION

During the year under review there is no other change in the Composition of the Board except re-appointment of Shri G.M. Shaikh as Independent Director. However, in the current year Shri Yashpal Mehta, Chief Financial Officer resigned from the post w.e.f. 30th June, 2017 and Shri Ashok A. Sharma appointed as Chief Financial Officer w.e.f. 5th August 2017. During the current financial year Shri Vinod Kumar Shah, Head – Legal cum Company Secretary & Compliance officer of the Company resigned from the post w.e.f. 10th April, 2018. The Board appreciates the valuable services rendered by them during their tenure.

MEETINGS OF THE BOARD

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

DECLARATION BY INDEPENDENT DIRECTORS

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

BOARD DIVERSITY

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

BOARD EVALUATION

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

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

CORPORATE GOVERNANCE REPORT

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2018, as per regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite Certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of Corporate Governance is annexed to this Report.

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

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

RISK MANAGEMENT POLICY

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

VIGIL MECHANISM POLICY

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

CORPORATE SOCIAL RESPONSIBILITY

Company has earned a profit in the year under review. However, the average net profit calculated as per section 197 of the Companies Act 2013 of last three preceding years is negative, therefore, provisions related to expenditure of atleast two percent of the average net profits in CSR activities is presently not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts for the financial year ended 31st March 2018, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss account of the Company for that period;

c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors had prepared the annual accounts on a going concern basis; and

e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

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

PARTICULARS OF THE EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure- 3**. Further, particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable since there was no employee of the Company including Executive Directors was in receipt of remuneration in excess of the limits set out in the said rules.

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

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business on arm's length basis and as such did not attract provisions of Section 188 (1) of Companies Act, 2013. Company has formulated policy on related party transactions. Particulars of related party transactions pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC-2 is attached at **Annexure - 4**. Approvals from the Audit Committee are obtained even for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board in its meetings. Details of related party transactions are given in the notes to financial statements.

STATUTORY AUDITORS

Members at its 27th Annual General Meeting held on September 30, 2017 approved the appointment of M/s. Parikh & Majmudar, Chartered Accountants, as statutory auditors for a terms of five years as per provisions of the Companies Act, 2013.

Cost Auditors

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under M/s. Ashish Bhavsar & Associates, Cost Accountants were appointed for auditing cost accounting records of the Company for the year ending 31st March, 2018. Board has further appointed M/s. Ashish Bhavsar & Associates, Cost Accountants as Cost Auditors for the year ending 31st March 2019 subject to approval of remuneration in the forthcoming Annual General Meeting.

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 2018-19. The report submitted by the Secretarial Auditor in Form MR-3 for the financial year ended as on 31st March, 2018 is attached to this report **as Annexure - 5**.

BOARD'S RESPONSE ON the REMARKS MADE BY STATUTORY Auditors

The Directors submit their explanations to then various observations made by the Auditors in their report for the year 2017-18. Para nos.of Auditors' Report and reply are us under:

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

On account of maturity of foreign currency convertible Bonds (FCCB) on 22.09.2011, dues have been frozen. On 13.09.2010 the Company was declared as Sick Unit by Hon'ble BIFR u/s 3(1)(0) of SICA. It was taken a conscious decision that the principal amount

be frozen on the date of maturity and no further exchange gain / loss and interest to be provided on FCCB. This liability was frozen on the maturity.

Para 2 of Standalone and Consolidated Independent Auditor's Report

On account of non-payment of principle and interest to the Banks, debts were declared NPA by the Banks. Since Company wants to settle the dues amicably with the Banks, it did not provide for interest.

Para 3 of Standalone and Consolidated Independent Auditor's Report

It is expects that the impact of "Effective Interest Method" to the Finance Cost as per the Requirements of IND AS 109 on the financial Results will not be material enough and hence, the Management has not given effect of the same in the consolidated financial results.

Annexure A to Standalone Independent Auditors' Report - Para viii

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

Almost of the banks assigned the debts to various Asset Reconstruction Companies (ARCs). Company has entered into Settlement Agreements with ARCs. Company has made proposal settlement with other banks, financial institution and ARCs. Company is actively negotiating with lenders and ARCs' for settlement of debts and expecting a settlement soon.

On account of maturity of Foreign Currency Convertible Bonds (FCCB) on 22.09.2011 dues have been frozen on maturity since company was declared Sick company by Hon'ble BIFR u/s 3(1)(o) of SICA. In view of the insufficient accruals of the Company the cash flow is not sufficient enough to pay to the FCCB holders. The company's operations are not profitable and market conditions of steel industries are very bad. All the steel industries in India at large is facing crisis due to dumping of material from China and Company is also not an exception to that.

Para 4 of Consolidated Independent Auditor's Report

It is expected that the loss of allowance if any as per Expected credit loss Method on the financial assets will not be material enough and hence, the Management has not given effect of the same in the consolidated financial results.

Para 5 of Consolidated Independent Auditor's Report

Associate Company Management has paid the capital advances in earlier years and the same stands to Rs. 9,12,32,064/- which are currently shown under long term loans and advances to the suppliers for the supply of customized equipments. However, the management of Associate Company is trying to recover such advances from the suppliers.

Para 6 of Consolidated Independent Auditor's Report

The management of Associate Company expects that the impact of "Effective Interest Method" to the Finance Cost as per the Requirements of IND AS 109 on the financial Results will not be material enough and hence, the Management has not given effect of the same in the consolidated financial results.

MATERIAL CHANGES / INFORMATION:

1. During the year under review your company has successfully entered into settlement agreement with the Assets Reconstruction Company India Limited and Invent Assets Securitisation & Reconstruction Pvt. Ltd for the dues assigned by various lenders. No other material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial of the Company.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future**.**

EXTRACT OF ANNUAL RETURN

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

APPRECIATION

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

For and on behalf of the Board
for Shah Alloys Limited

Date: 30th May 2018
Place: Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 1

Form AOC-1

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Crores ₹)

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

Part "B": Associates and Joint Ventures

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

Name of associates/Joint Ventures	S.A.L. Steel Limited
1. Latest audited Balance Sheet Date	March 31, 2018
2. Shares of Associate/Joint Ventures held by the company on the year end	
a) No. of Shares	30256989
b) Amount of Investment in Associates/Joint Venture (in Cr.)	21.82
c) Extend of Holding %	35.61
3. Description of how there is significant influence	Based on Shareholding
4. Reason why the associate/joint venture is not consolidated	Not Applicable
5. Net worth attributable to shareholding as per latest audited Balance Sheet	(151.55)
6. Profit/Loss for the year	
i. Considered in Consolidation	35.89
ii. Not Considered in Consolidation	42.37

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

ANNEXURE 2

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

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2018)

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:-

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

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

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

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

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

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

(I) POWER & FUEL CONSUMPTION

		2017-18	2016-17
1	**ELECTRICITY**		
	(a) Purchased		
	Unit (Kwh)	12,41,64,421	11,67,18,640
	Total Amount (₹)	64,16,15,519	60,57,67,689
	Rate / Unit (₹)	5.17	5.19
	(b) Own Generation		
	(i) *Through Diesel Generator Unit (Kwh)*		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) *Through Steam Turbine / Generator Unit (Kwh)*	Nil	Nil
	Unit Per Kg of Lignite	Nil	Nil
	Cost Lignite / Unit (₹)	Nil	Nil
	Cost Coal / Unit (₹)	Nil	Nil
	Cost Coal & Lignite / Unit (₹)	Nil	Nil
2	**COAL (Including Coal Fines)**	Nil	Nil
	Quantity (MT)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
3	**FURNACE OIL**		
	(used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
4	**OTHERS – LIGNITE**		
	(used in the generation of steam)		
	Quantity (K Tonns)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil

(II) CONSUMTION PER M.T. OF PRODUCTION

Particulars of Product	2017-18	2016-17
Electricity (in Unit)	1004	1050
Furnace Oil	Nil	Nil
Coal (Specify quantity)	Nil	Nil
Others	Nil	Nil

B. TECHNOLOGY ABSORPTION

(I) Research and Development (R & D)

Particulars	2017-18	2016-17
1. Specific areas in which R&D carried out by the company.	Nil	Nil
2. Benefits derived as a result of the above R&D	Nil	Nil
3. Future plan of action:		
a. Capital	Nil	Nil
b. Recurring	Nil	Nil
c. Total	Nil	Nil
d. Total R&D expenditure as a percentage of total turnover	Nil	Nil

(II) Technology absorption, adaptation:

Particulars	2017-18	2016-17
Company has not carried out research, development & innovation activities.		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	Nil	Nil
2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	Nil	Nil
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	Nil	Nil
a. Technology imported		
b. Year of import		
c. Has technology has been fully absorbed		
d. If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		

C. FOREIGN EXCHANGE EARNINGS AND OUTGO(₹ in Crores)

Particulars	2017-18	2016-17
1) EARNINGS & OUTGO		
a. Foreign Exchange earnings	0.51	-
b. Foreign Exchange outgo	37.33	47.78

2) TOTAL FOREIGN EXCHANGE USED AND EARNED

As per notes on account

For and on behalf of the Board
for Shah Alloys Limited

Date : 30th May 2018
Place : Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 3 TO THE BOARD'S REPORT

PARTICULARS OF THE EMPLOYEES

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Sr. No.	Name of director	Designation	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the FY 2017-18	* % increase / (decrease) in remuneration in the FY 2017-18
a)	Shri K. S. Kamath	Jt. Managing Director	11:1	-
b)	Shri Ashok Sharma	Whole Time Director	10.29:1	-
c)	Shri Yashpal Mehta *	Chief Financial Officer	-	-
d)	Shri VInod Kumar Shah	Company Secretary	12.86:1	-

II.	The percentage increase in the median remuneration of employees in the financial year:	7%
III.	The number of permanent employees on the rolls of company:	600
IV.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out of there are any exceptional circumstances for increase in the managerial remuneration;	During the year under review, the average annual increase was negligible
V.	Affirmation that the remuneration is as per the remuneration policy of the Company.	All remuneration of the Employees and directors are paid as per remuneration policy of the Company.

For and on behalf of the Board
for Shah Alloys Limited

Date : 30th May 2018
Place : Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 4

FORM NO. AOC -2

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

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

1	**Details of contracts or arrangements or transactions not at Arm's length basis.**							
	Name (s) of the related party	Nature of transaction	Duration of the transaction	Salient terms of the transaction	Justification for transactions'	Date of approval by the Board	Amount paid as advances	Date of special resolution
1.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2	**Details of material contracts or arrangement or transactions at arm's length basis**						
	Name (s) of the related party	Nature of relationship	Nature of transaction	Duration of the transaction	Transactions value in ₹	Date of approval by the Board	Amount paid as advances
1	S.A.L. Steel Ltd.	Associate	Purchase of Power	April 2017-March 2018	39,32,73,500	Since these RPTs are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
			Purchase of material		1,71,68,89,797		
			Sale of material		51,76,32,021		

For and on behalf of the Board
for Shah Alloys Limited

Date : 30th May 2018
Place : Santej

Rajendra V. Shah
Chairman
(DIN: 00020904)

ANNEXURE 5

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies(Appointment and Remuneration Personnel) Rules, 2014]
For the Financial Year ended 31st March, 2018

To,
The Members,
SHAH ALLOYS LIMITED
CIN: L27100GJ1990PLC014698

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

Based on my/our verification of the records of **SHAH ALLOYS LIMITED,** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering **the financial year ended on 31st March 2018** complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/We have examined the books, papers, minute books, forms and returns filed and record maintained by **SHAH ALLOYS LIMITED (CIN: L27100GJ1990PLC014698) for the financial year ended on 31.03.2018 according to the provisions of:**

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulations) Act,1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:**(NOT APPLICABLE FOR THE YEAR UNDER REVIEW)**

(v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011; **(COMPLIED WITH ANNUAL DISCLOSURE OF SHAREHOLDING AS PER REGULATION NO. 30 OF THE REGULATIONS)**

(b) The Securities and Exchange Board of India (Prohibition of Insider Training) Regulations,1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (**NO ESOS OR ESOPS WERE ISSUED DURING THE YEAR UNDER REVIEW)**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(NOT APPLICABLE FOR THE YEAR UNDER REVIEW)**

(f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

(g) The Securities and Exchange Board of India(Delisting of Equity Shares)Regulations, 2009; **NOT APPLICABLE FOR THE YEAR**

(h) The Securities and Exchange Board of India (Buyback of Securities)Regulations, 1998; **(NOT APPLICABLE FOR THE YEAR UNDER REVIEW)**

(vi) As stated in the **Annexure – A** – all the laws, rules, regulations are applicable specifically to the company.

(vii) No Other Observations regarding other major corporate events occurred during the year and various compliances made by the Company with applicable Laws, Rules, Regulations, Listing Agreements etc.

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

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

(ii) The Listing Agreements entered into by the Company with BSE Limited.

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

I/We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non -Executives Directors, Independent Directors and Woman Director.

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

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

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

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

(I) Public/ Right/Preferential issue of shares/ debentures/sweat equity, etc.

(II) Redemption/ buy-back of securities

(III) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013

(IV) Foreign technical collaborations

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

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

Place : Ahmedabad
Date : 30th May, 2018

ANNEXURE-A

Securities Laws

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

Labour Laws

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

Environmental Laws

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

Taxation Laws

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

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

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

Place : Ahmedabad
Date : 30th May, 2018

ANNEXURE 6

Form No. Mgt-9 Extract of Annual Return as on 31/03/2018
[Pursuant to section 92(3) of the Companies Act, 2013 and
rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1) REGISTRATION AND OTHER DETAILS:

1)	CIN	L27100GJ1990PLC014698
2)	Registration date	23/11/1990
3)	Name of the company	SHAH ALLOYS LIMITED
4)	Category/ sub-category of the company	Company limited by shares / Indian Non Government Company
5)	Address of the registered office and contact details:	5/1 Shreeji House, 5TH Floor, B/h M J Library Ashram Road, Ahmedabad-380006 Gujarat
6)	Whether listed company	YES
7)	Name, address and contact details of registrar and Transfer Agent, if any	BIGSHARE SERVICES PVT. LTD. Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – East, Mumbai – 400059, Maharashtra. Board No.: 022 6263 8200 E-mail: info@bigshareonline.com Website: www.bigshareonline.com

2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and description of main products/ services	NIC Code of the Product / Service	% of total turnover of the Company
1	M. S. Plate, Coils, Bilets, S. S. Plate, Flat and Sheet	24103	100%

3) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

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

4) Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) **Indian**									
a) Individual/ HUF	10729246	0	10729246	54.19	10640991	0	10640991	53.75	-0.44
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	10729246	0	10729246	54.19	10640991	0	10640991	53.75	-0.44
(2) **Foreign**									
a) NRI- Individual	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks. FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0
Total shareholding of Promoter [(A)(1)+(A)(2)]	**10729246**	**0**	**10729246**	**54.19**	**10640991**	**0**	**10640991**	**53.75**	**-0.44**
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt.(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1746624	0	1746624	8.82	0	0	0	0	-8.82
g) FIIs0	0	0	0	0	0	0	0	0	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**1746624**	**0**	**1746624**	**8.82**	**0**	**0**	**0**	**0**	**-8.82**
2. Non-Institutions									
a) Bodies Corp.	2700266	800	2701066	13.64	2853304	800	2854104	14.42	0.78
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 Lakhs	3447938	448132	3896070	19.68	3302120	422432	3724552	18.81	-0.87
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 Lakhs	549651	0	549651	2.78	2361890	0	2361890	11.93	9.15
c) Others									
Non Resident Indians	41997	2000	43997	0.22	72333	2000	74333	0.38	0.16
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	130686	0	130686	0.66	141470	0	141470	0.71	0.05
Trusts	200	0	200	0	200	0	200	0	0
Foreign Bodies	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**6870738**	**450932**	**7321670**	**36.98**	**8731317**	**425232**	**9156549**	**46.25**	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)									0
C. Shares held by Custodian for GDR& ADR	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**19346608**	**450932**	**19797540**	**100.00**	**19346608**	**450932**	**19797540**	**100.00**	0

ii) Shareholding of promoters

Category of Shareholders	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shares holding during the year
	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
Rajendrabhai V. Shah	7912404	39.97	7912404	7912404	39.97	7912404	NIL
Rajendrabhai V. Shah Huf	1531960	7.74	1531960	1531960	7.74	1531960	NIL
Ragini R Shah	1146006	5.79	1146006	1146006	5.79	1146006	NIL
Prakash V Shah	47000	0.24	0	0	0	0	100
Jayesh V Shah	29936	0.15	0	28681	0.14	0	4.19
Karan R. Shah	40000	0.20	0	0	0	0	100
Ashvin V Shah	21940	0.11	0	21940	0.11	20000	NIL
Total	**10729246**	**54.19**	**10590370**	**10640991**	**53.75**	**10610370**	**0.44**

iii) Change In Promoter's Shareholding (Please specify, if there is no change)

Name of promoter	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				Shareholding at the end of the year	
	No. of share	% of total shares of the company	Date	Increase / Decrease	No. Of Shares	Reason	No. of share	% of total shares of the company
Rajendrabhai V. Shah	7912404	39.97	07.03.2018	Increase	92536	Transfer	7912404	39.97
			08.03.2018	Increase	11209	Transfer		
			09.03.2018	Increase	1255	Transfer		
			12.03.2018	Increase	40000	Inter-se Transfer		
			12.03.2018	Decrease	40000	Transfer		
			13.03.2018	Decrease	105000	Transfer		
Rajendrabhai V. Shah - HUF	1531960	7.74	No change				1531960	7.74
Ragini R Shah	1146006	5.79	No change				1146006	5.79
Prakash V. Shah	47000	0.24	06.11.2017	Decrease	47000	Inter-se transfer	0	0
Karan R Shah	40000	0.20	12.03.2018	Decrease	40000	Inter-se transfer	0	0
Jayesh V. Shah	29936	0.15	09.03.2018	Decrease	1255	Inter-se transfer	28681	0.15
Ashvin V. Shah	21940	0.11	No change				21940	0.11
TOTAL	10729246	54.19					10640991	53.75

iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs AND ADRs)

Sr. No.	NAME OF SHAREHOLDERS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Gujarat NRE Coke Ltd.	969769	4.90	969769	4.90
2	Satellite MercantilesPvt Ltd.	901361	4.55	901361	4.55
3	Jaideep Narendra Sampat	0	0	368810	1.86
4	Anand Mohan	0	0	308800	1.56
5	Sheela Lalit Mehta	0	0	200000	1.01
6	Ambition Merchants Private Limited	359774	1.82	177021	0.89
7	Asset Reconstruction Company (India) Ltd.	0	0	145000	0.73
8	Manish Shah	0	0	122751	0.62
9	JM Financial Services Limited	3520	0	118829	0.60
10	Ramaswamy Anand	0	0	110000	0.56
	TOTAL	**2234424**	**11.27**	**3422341**	**17.28**

5) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shri Rajendra V. Shah Chairman of the Company holds 7912404 equity shares in the Company in addition to 1531960 shares as Karta of HUF and no other Director or Key Managerial personnel have any shareholding in the company.

6) INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	517,53,19,370	48,82,05,000	-	566,35,24,370
ii) Interest due but not paid	183,80,25,349	23,55,83,323		207,36,08,672
iii) Interest accrued but not due				
Total (i+ii+iii)	**701,33,44,719**	**72,37,88,323**	**-**	**773,71,33,042**
Change in Indebtedness during the financial year				
i) Principal Amount	(152,45,38,024)	-	-	(152,45,38,024)
ii) Interest due but not paid	(76,94,63,023)	-	-	(76,94,63,023)
iii) Interest accrued but not due	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	365,07,81,346	48,82,05,000	-	413,89,86,346
ii) Interest due but not paid	106,85,62,326	23,55,83,323		130,41,45,649
iii) Interest accrued but not due				
Total (i+ii+iii)	**471,93,43,672**	**72,37,88,323**	**-**	**544,31,31,995**

7) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	SALARY	Shri Ashok Sharma	12,00,000
		Shri K.S. Kamath	12,92,400
2.	Stock Option	NIL	-
3.	Sweat Equity	NIL	-
4.	Commission		
	- as % of profit		
	- others, specify...	NIL	-
5.	Others, please specify	NIL	-
	Total (A)	NIL	-
	Ceiling as per the Act	Within the Ceiling of Section II of Part II of Schedule V of the Companies Act, 2013	

b. Remuneration to other Directors

Particulars of remuneration	Name of Directors					Total Amount
Independent Directors	**Shri Dilip Kumar Sinha**	**Shri G.M. Shaikh**	**Shri Tejpal S. Shah**	**Shri Harshad M. Shah**	**Smt. Shefali M. Patel**	
Fee for attending Board / committee meeting	30,000	75,000	75,000	37,500	37,500	2,55,000
Commission	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	**30,000**	**75,000**	**75,000**	**37,500**	**37,500**	**2,55,000**

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
		Shri Vinod Kumar Shah	Shri Yashpal Mehta	
1	Gross salary	15,00,000	2,43,960*	
2	Stock Option	-	-	N.A.
3	Sweat Equity	-	-	N.A.
4	Commission	-	-	N.A.
	- as % of profit	-	-	N.A.
	Others specify...	-	-	N.A.
5	Others, please specify	-	-	N.A.
	Total	**15,00,000**	**2,43,960**	**17,43,960**

*upto 30.06.2017

d. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

CORPORATE GOVERNANCE REPORT

[Pursuant to Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 "Listing Regulations"]

Detailed report on Corporate Governance for the financial year ended March 31 2018, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

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

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

Composition of Board and Directorship held as on March 31, 2018 and numbers of meetings held and attended during the year are as follows:

Name of Director	Category	Numbers of Board Meetings		No. of other Directorships	Committee Membershipsheld in other companies		Attendance atLast AGM
		Held during the year	Attended during the Year		as Member	as Chairman	
NON-EXECUTIVE DIRECTOR							
Shri Rajendra V. Shah	Promoter Non-Executive Chairman	5	5	1	1	Nil	No
EXECUTIVE DIRECTORS							
Shri Kondadi S Kamath	Non Promoter Executive Director	5	5	Nil	Nil	Nil	Yes
Shri Ashok A Sharma	Non Promoter Wholetime Director	5	5	Nil	Nil	Nil	Yes
INDEPENDENT DIRECTORS							
Shri G.M. Shaikh	Non-Executive & Independent	5	5	1	Nil	Nil	Yes
Shri Harshad M. Shah	Non-Executive & Independent	5	5	1	3	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	5	5	1	Nil	Nil	No
Shri Dilip Kumar Sinha	Non-Executive & Independent	5	4	1	Nil	Nil	No
Smt. Shefali M. Patel	Non-Executive & Independent	5	5	1	Nil	Nil	Yes

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

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year, the Board met 5 times:

- 27.05.2017
- 05.08.2017
- 09.09.2017 (adjourned and held on 14.09.2017)
- 11.12.2017
- 10.02.2018

INDEPENDENT DIRECTORS' MEETING

Independent Directors met on 10.02.2018 without presence of Non- Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company's Management and the Board.

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

None of the Directors are related to each other.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

As on March 31 2018, Shri Rajendra V. Shah, Chairman of the Company held 79,12,404 shares in the equity share capital of the Company in addition to 15,31,960 shares as Karta of HUF. None of the other Non-Executive Directors hold any equity shares in the Company.

DETAILS OF FAMILIARISATION PROGRAMMESIMPARTED TO INDEPENDENT DIRECTORS

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

3. COMMITTEES OF THE BOARD

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

The various Board level Committees are as under:-

- Audit Committee;
- Nomination & Remuneration Committee;
- Stakeholders Relationship Committee; and
- Corporate Social Responsibility Committee

AUDIT COMMITTEE:

The terms of reference of the Audit Committee are wide enough to cover matters specified for Audit Committees under Regulation 18 of the SEBI (Listing Obligations and Disclosure requirements), Regulations 2015 as well as in Section 177 of the Companies Act, 2013 besides other terms as may be referred to by Board of Directors from time to time.

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

During the period under review, Five Audit Committee meetings were held respectively on 27.05.2017, 05.08.2017, 09.09.2017 (adjourned and held on 14.09.2017), 11.12.2017 & 10.02.2018.

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

Name of Director	Position	No. of Meetings	Meetings attended
Shri G.M. Shaikh	Chairman	5	5
Shri Tejpal Shah	Member	5	5
Shri Rajendra V. Shah	Member	5	5

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 27.05.2017, 05.08.2017, 11.12.2017 and 10.02.2018.

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

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

Board Evaluation

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

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

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

- Integrity, maintenance of high standard and confidentiality;
- Commitment and participation at the Board & Committee meetings;
- Effective deployment of knowledge and expertise;
- Exercise of independent judgment in the best interest of Company;
- Interpersonal relationships with other directors and management.

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

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

Feedback received on evaluation process was discussed in detail by the Chairman of the Board with Directors and, independent and collective action points for improvement put in place.

The Directors recognized that Board and Committees are functioning effectively and acknowledged the efforts and contributions made by the Chairperson, Executive and Non-Executive Directors and Independent Directors towards the Company's performance.

5. Remuneration of Directors

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

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

b. Criteria for Making Payment to Non- Executive Directors

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

c. Compensation/Fees Paid to Non-Executive Directors

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

d. Details of Remunerations

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

(Amount in ₹)

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Kondadi S Kamath	Nil	12,92,400	Nil	12,92,400
Shri Ashok Sharma	Nil	12,00,000	Nil	12,00,000
Shri G. M Shaikh	75,000	Nil	Nil	75,000
Shri Harshad M. Shah	37,500	Nil	Nil	37,500
Shri Dilip Kumar Sinha	30,000	Nil	Nil	30,000
Shri Tejpal S. Shah	75,000	Nil	Nil	75,000
Smt. Shefali M. Patel	37,500	Nil	Nil	37,500

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Committee is empowered to oversee the redressal of Investors' complaints and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

During the period under review, four meetings of Stakeholders' grievance Committee were held on 27.05.2017, 05.08.2017, 11.12.2017 and 10.02.2018.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	4	4
Shri Tejpal Shah	Member	4	4
Shri Ashok Sharma	Member	4	4

Name and designation of Compliance Officer

Shri Vinod Kumar Shah, Company Secretary has been appointed as Compliance Officer of the Company as per regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to discharge all duties under the listing regulations.

Details of Shareholders Complaints

The details of shareholders complaints received and resolved till March 31, 2018 areas under:

No. of shareholders' complaints received during the year: 01

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

No. of pending Complaints: NIL

No. of complaints resolved during the year: 01

7. GENERAL BODY MEETING

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

Year	Date	Time	Venue	No. of special resolutions passed
2014-15	September 24th, 2015.	05:00 P.M.	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	01
2015-16	September 24th, 2016.	11:30 A.M.	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	00
2016-17	September 30th, 2017.	12:00 Noon	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	00

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

8. MEANS OF COMMUNICATION

a. All Quarterly / Annual financial results are immediately sent to stock exchanges after being taken on record by the Board.

b. As per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.

c. The Company's website www.shahalloys.com contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

9. GENERAL SHAREHOLDERS INFORMATION

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L27100GJ1990PLC014698.

a) Annual General Meeting.

Date : 29th September, 2018

Time : 12 noon

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

b) Financial Year

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

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

Quarter ending 30th June 2018 : By 14th August 2018

Quarter ending 30th September 2018 : By 14th November 2018

Quarter ending 31st December 2018 : By 14th February 2019

Quarter ending 31st March 2019 : By 30th May 2019

c) **Dividend Payment Date** : Not Applicable

d) **Listing on Stock Exchange** : **Bombay Stock Exchange Ltd.(BSE)**
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001
Scrip Code: 513436

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

Company has paid listing fees in respect of financial year 2017-2018 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Demat ISIN No. for NSDL and CDSL : INE640C01011

e) **Stock code** : **Bombay Stock Exchange Ltd.(BSE)**
Scrip Code: 513436

National Stock Exchange of India Ltd (NSE)
NSE Symbol : SHAHALLOYS

f) **Share Price Data**

(₹ per share)

Month	Price at BSE		Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 17	22.45	16.15	23.00	15.90
May' 17	23.50	17.80	22.90	17.10
June' 17	18.60	14.25	19.20	14.80
July' 17	24.30	15.60	23.90	15.60
Aug' 17	22.65	17.30	22.10	17.05
Sept' 17	23.75	18.25	23.70	18.35
Oct' 17	22.75	18.40	22.55	18.00
Nov' 17	21.00	17.60	21.35	17.80
Dec' 17	19.50	17.10	19.45	17.00
Jan' 18	24.70	17.00	24.80	16.50
Feb' 18	29.45	18.05	29.95	18.05
Mar' 18	49.00	30.90	49.05	31.40

g) **Registrar to an Issue and Share Transfer Agents**

The members of the Company may address all it communication relating to transfer, transmission, Refund order, Dividend, National Electronic Clearing system (NECS) dematerialization etc. to Company's Share Transfer agent i.e. Bigshare Services Private Limited at the below address and may also write to the Company.

Bigshare Services Private Limited
(Unit: Shah Alloys Limited)
Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – East,
Mumbai – 400059, Maharashtra
Board No. : 022 6263 8200
Email id.: info@bigshareonline.com

h) **Share Transfer System**

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

i) Shareholding pattern as on 31st March, 2018

Category	No. of Shares	%
Promoters	10640991	53.75
Clearing Members	141470	0.71
Indian Public	6086442	30.74
Domestic Companies	2854104	14.42
NRI	74333	0.38
Trust	200	0.00
Total	**19797540**	**100**

Distribution of shareholding as on 31st March, 2018

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 500	1216834	6.15	7140	82.93
501 - 1000	613739	3.10	737	8.56
1001 - 2000	540994	2.73	342	3.97
2001 - 3000	320496	1.62	123	1.43
3001 - 4000	193139	0.98	54	0.62
4001 - 5000	183960	0.93	39	0.45
5001 - 10000	625707	3.16	85	0.99
10001 & above	16102671	81.33	90	1.05
Total	**19797540**	**100**	**8128**	**100**

j) Dematerialization of Shares and Liquidity

On March 31st 2018, nearly 97.85 % of the shareholders of Company were holding Company's shares in DEMAT form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized.

k) Plant Location:

The Company's plant is located at:

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

l) Registered & Administrative Offices:

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

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

m) Address for Investor Correspondence:

In case any problem or query shareholders can contact at:

Name : Company Secretary and Compliance officer
Address : Shah Alloys Corporate House, Sola-Kalol Road, Santej, Dist.Gandhinagar, Gujarat 382 721
Phone : 91-02764-661100/11
Fax : 91-02764-661110
Email : sal.investor@shahalloys.com; info@shahalloys.com

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

Name : Bigshare Services Private Limited
Address : Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri – East, Mumbai – 400059, Maharashtra
Board No. : 022 6263 8200
Fax No. : 022 2847 5207
Email id. : info@bigshareonline.com
Website : www.bigshare.com

OTHER DISCLOSURES :

Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

There is no materially significant related party transaction that may have potential conflict with the interests of the Company at large have been entered.

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013, relating to approval of shareholders. However, prior approvals from the Audit Committee are obtained for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board.

Details of related party transactions are also presented in the notes to financial statements.

The Company has formulated the policy on materiality of related party transactions and on dealing with related party transactions and it is available at the website of the Company at: http://www.shahalloys.com

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

No statutory authority or the Board has imposed penalty on any matter related to capital markets, during the last three years.

Establishment of vigil mechanism and affirmation that no personnel have been denied access to the audit committee

The Company has implemented a Vigil Mechanism Policy, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance to code of conduct to the Company. The policy safeguards the whistleblowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the financial year none of the personnel has been denied access to the audit committee.

Corporate Governance Compliance Certificate

Compliance Certificate from M/s Kiran Kumar Patel, practicing company secretaries, as regarding compliance of conditions of corporate governance is annexed with corporate governance report.

DISCLOSURE OF ACCOUNTING TREATMENT

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

CEO AND CFO CERTIFICATION

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

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL UNDER REGULATION 17(5)SEBI (LISITNG OBLIGATIONS AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2015

I, K S Kamath, Joint Managing Director of the Company, hereby certify that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchange. Company has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company.

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

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

For, Shah Alloys Limited

(K.S. Kamath)
Joint Managing Director
(DIN 00261544)

Place : Santej
Date : 30.05.2018

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SHAH ALLOYS LIMITED

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

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

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

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

FOR, K.K PATEL AND ASSOCIATES
Company Secretaries

Sd/-
Kiran Kumar Patel
Proprietor
CP No. 6352

Place : Gandhinagar
Date : 30.05.2018

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Global economic output grew by 3.8% in 2017, as estimated by IMF in its April, 2018, World Economic Outlook update. The growth momentum increased in 2017, with growth in advanced economies (estimated 2.3% growth in 2017) as well as in emerging market and developing economies (estimated 4.8% growth in 2017). The strong growth momentum is expected to continue in 2018 and 2019, driven mainly by growth in advanced economies, expectation of favorable financial conditions and acceleration in demand. Growth in emerging market and developing economies is also expected to strengthen further. Global economic activity is forecast to grow by 3.9% in 2018 as well as 2019.

World Steel Scenario

In 2017, Global Crude Steel production increased by 3.8% to reach 1689.4 million tonnes (MT) compared to 2016. All major steel production regions registered an increase in Crude Steel output, except Japan where output decreased marginally. Asia accounted for 1152.2 MT of Crude Steel production in 2017, up by 3.5% vis-à-vis 2016. China continued to dominate World Crude Steel production with an output of 831.7 MT, at a growth of 3.0% over 2016. In 2017, China decreased its share of Global Crude Steel Production to 49.2% compared to 49.6% in 2016. India, which is currently the world's third largest steel producing nation, increased its annual Crude Steel Output by 6.2% to reach 101.4 MT in 2017. Japan produced 104.7 MT of Crude Steel in 2017, a marginal decline by 0.1% compared to 2016. South Korea's Output of Crude Steel stood at 71.0 MT in 2017 at a growth of 3.5%. Crude Steel Production in the US in 2017 stood at 81.6 MT, up by 3.9% over 2016. The EU (28) also saw growth in Crude Steel output by 3.9% to reach 168.4 MT in 2017.

World Steel Association has forecast that global steel demand will increase by 1.8% in 2018 and reach 1616.1 MT, compared to an estimated demand of 1587.4 MT in 2017. Steel demand in China is expected to remain stable in 2018 at 736.8 MT. In the emerging and developing economies excluding China, steel demand is forecast to grow by 4.9% in 2018. Indian Economic Environment GDP growth for the year 2017-18 has been estimated at 6.7% at constant market prices as per the provisional estimates of annual national income by the Central Statistics Office (CSO), compared to 7.1% in 2016-17. The advance estimates have pegged agriculture and allied sectors growth at 3.4%, industry sector at 5.5% and services sector at 7.9% for 2017-18. The estimated GDP growth rate during Q-4 of Financial Year 2017-18 was 7.7% compared to 6.1% in the corresponding quarter of the previous year, with growth in agriculture (4.5%), manufacturing (9.1%) and construction sectors(11.5%) contributing to overall growth in Q-4 of Financial Year 2017-18.

The Index of Industrial Production(IIP) growth during 2017-18 is estimated at 4.3% compared to 4.6% growth during same period last year. IIP growth rates for mining, manufacturing and electricity sectors for 2017-18 are at 2.3%, 4.5% and 5.4% respectively. In the same period, while consumer durables registered a modest growth of 0.7%, consumer non-durables registered a growth of 10.4%. Capital goods and Infrastructure/Construction goods registered growth of 3.9% and 5.6% respectively. Fiscal deficit for the Financial Year 2017-18, as per revised estimates (RE) stood at 3.5% of GDP. The budget estimate of fiscal deficit for 2018-19 has been set at 3.3% of GDP.

Indian Steel Scenario

According to World Steel Association, India produced 101.4 MT of Crude Steel during calendar year 2017, up by 6.2% over 2016. As per Joint Plant Committee (JPC), production of Crude Steel during Financial Year 2017-18 stood at 102.3 MT, at a growth of 4.5% over same period last year. Finished steel production (non alloy + alloy/stainless) also registered a growth of 3.1% to reach 105 MT during Financial Year 2017-18, compared to same period last year. Exports of total finished steel increased by 16.7 % to 9.6 MT during Financial Year 2017-18 over last year, while imports increased by 3.5% to 7.5 MT.

Consumption of total finished steel in India stood at 90.7 MT in Financial Year 2017-18, up by 7.9% over same period of last year. Demand for finished steel in India is expected to grow at 5.5% in 2018, as projected by World Steel Association.

OPPORTUNITIES & THREATS:

Opportunities:

The Indian economy has showed clear signs of recovery in FY 2017-18. India is one of the fastest growing steel consumers in the World and is all set to become the 2nd largest steel consumer in the World in the coming years. The Indian mines are under process of market development and would like to see some positive signs of demands raised for product development.

Threats:

The glut in the global steel market, which led to an influx of cheap imports into India and a series of steps by the government to protect the domestic steel industry, might not end anytime soon. In what indicates that threats of low-priced imports are here to stay, the world capacity utilization ratio of the alloy climbed upwards in the current year. So only structural reforms that will help cut costs and improve productivity could enable the domestic steelmakers to acquire competitiveness in the domestic and global markets. Rising cost of raw material, fuel, power prices coupled with unforeseen general macro economic factors may affect the industry adversely. Your Company may face unfavorable foreign exchange rate fluctuations this year as well as increase in raw material prices thus putting a pressure on margins.

OUTLOOK:

Analysts are upbeat over the expected above normal monsoon and higher GDP growth. The slow pace of public and private sector projects is expected to improve with the Government of India's thrust on infrastructure projects. Further, 'Make in India' initiative has

got a boost by a slew of measures aimed at improving the ease of doing business in the Country. Small and medium industry- a major employment generator for the economy- has been liberated to participate in the Nation's development in accordance with its potential. Bold measures by the Government such as improved targeting of subsidy, broadening of the tax base and expected buoyancy in tax revenue are all aimed at achieving the fiscal consolidation which had been an area of concern in the recent past.

RISKS AND CONCERNS:

Your Company continuously monitors and revisits the risks associated with its business. It has institutionalized the procedure for identifying, minimizing and mitigating risks and the same are reviewed periodically. The Company's Structured Risk Management Process attempts to provide confidence to the stakeholders that the Company's risks are known and well managed. The company management has a Risk Management Team comprising of Functional heads as Champions and accountable for risks associated in their areas. The company has review mechanism of risks at regular intervals. The management of the Company has identified some of the major areas of concern having inherent risk, viz. Foreign Currency Fluctuation, Client Concentration, Technology Risks and Credit Control. The processes relating to minimizing the above risks have already been put in place at different levels of management. The management of the Company reviews the risk management processes and implementation of risk mitigation plans. The processes are continuously improved.

Risk Management comprises three key components which are as below:

i. Risk identification

ii. Risk assessment and mitigation

iii. Risk monitoring and assurance

Your Company has identified the following aspects as the major risks for its operations:

i. Market Risk - in terms of Price increase of Raw Material

ii. Foreign Exchange Risk

The risk mitigation plans are reviewed regularly by the Management and Audit Committee of your Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Company has in place internal control systems and procedures commensurate with the size and nature of its operations. Internal control processes which consist of adopting appropriate management systems and implementing them are followed. These are aimed at giving the Audit Committee a reasonable assurance on the reliability of financial reporting and statutory & regulatory compliances, effectiveness and efficiency of your Company's operations. The Internal Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review company concentrated on manufacturing of Bars, beams, flats, plate, coil, slab, billets etc. Production of bars, beams and flats during the year was 245.376 MT. and sale was 191.970 MT. Production of plate & coil during the year was 104270.473 MT and sales was 114607.616 MT. Likewise production of Slab, billets etc. was 19205.275 MT and sales was 22249.765 MT. Total production of all items taken together during the year increased from 1,11,176.16 MT to 123721.124 MT whereas total sales increased from 99,697.15 MT to 137049.351 MT.

During the year under review Total revenue from Operations and from other operating income increased from ₹ 349.88 crores in the previous year to ₹ 564.16 crores. Company has registered a profit of ₹ 42.09 crores in comparison to the profit of ₹ 43.07 crores during previous year.

DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT:

The human resource philosophy and strategy of your Company have been designed to attract and retain the best talent, creating a workplace environment that keeps employees engaged, motivated and encourages innovation. Your Company has fostered a culture that rewards continuous learning, collaboration and development, making it future ready with respect to the challenges posed by ever-changing market realities. Employees are your Company's most valuable asset and your Company's processes are designed to empower employees and support creative approaches in order to create enduring value. Your Company maintains a cordial relationship with its employees. Its emphasis on safe work practices and productivity improvement is unrelenting. Your Company has more than 600 employees on its permanent rolls as on 31st March, 2018.

DISCLOSURE OF ACCOUNTING TREATMENT:

The Company has followed all relevant Indian Accounting Standards while preparing the financial statements.

CAUTIONARY STATEMENT: Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand and supply conditions, finished goods prices, input materials availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

INDEPENDENT AUDITOR'S REPORT

To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone 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 Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS)

specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS Financial Statements.

Basis of Qualified Opinion

1. **The Company has not provided for foreign exchange loss in the financial results on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2018, which constitutes a departure from the Indian Accounting Standard- 21. "The Effects of Changes in Foreign Exchange Rates which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23. 2011 to March, 2018. Had the company followed the Accounting Standard and made the provision for foreign exchange on the above FCCB for the Year ending on 31st March,2018, then the profit of the company for the Year ending on 31st March,2018 would have been lower by ₹ 30.46 lacs and to that extent the liability would have been higher. However, the company has not provided for foreign exchange fluctuation on the above FCCB since September 2011 and accordingly the total net loss on foreign exchange works out to ₹ 2405.23 lakhs which has not been provided by the company. Thus, balance of Reserve and surplus and the current liabilities have been understated by ₹ 2405.23 lakhs as on 31st March,2018. (Refer Note No 34 of Notes forming part of Standalone IND AS Financial Statements)**
2. **For the year ending on 31st March,2018, the company has discontinued to make the provision of interest on loans from banks and financial institutions (excluding loans assigned to various ARCs). Had the company continued the said practice of making**

provision of interest on loans from banks and financial institutions for the year ended on 31st March 2018 the profit of the year would have been lower by ₹ 1305.63 lakhs and current liabilities would have been higher to that extent. (Refer Note No 35 of Notes forming part of Standalone IND AS Financial Statements)

3. **The Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of lnd AS 109 'Financial Instruments and hence, the effect of the same, if any, on the financial results is not identifiable therefore, we are unable to comment upon its impact on the Financial results for the year ended March 31, 2018. (Refer Note No 36 of Notes forming part of Standalone IND AS 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its Profits, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

OTHER MATTER

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

Our opinion is not modified in respect of these matters.

Emphasis of Matters

1) **Note 42 to the standalone INDAS financial statements which states that the Company's current liabilities exceeded its current assets as at the previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, considering the profit earned by the company for the year ended on 31st March 2018 and also considering the view of the management, the financial results of the Company have been prepared on a "going concern basis".**

2) **During the year under review, the Company has received Refund of Electricity Duty from Uttar Gujarat Vij Company limited (UGVL) vide their letter dated 27th November,2017 amounting to ₹ 2874 lakhs for the period from February 2008 to December 2016 and the same is shown under the Head "Exceptional Items" in the standalone financial statements for the year ending on 31st March, 2018. (Refer Note No 39 of Notes forming part of Standalone IND AS Financial Statements)**

3) **Attention is invited to Note 41 of the Standalone IND AS Financial Statements which states that the balance confirmation from the suppliers, customers as well as to various loans or advances given have been called for, but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables as well as loans and advances have been taken as per the books of accounts submitted by the company and are subject to confirmation from the respective parties**

4) **Note no 40 to the Standalone IND AS Financial statements about the settlement agreement entered in to by the company with effect from 19th Januray 2018, for the entire dues in respect of various facilities and assistance provided by Karur Vysya Bank and IDBI Bank which is now assigned to Asset Reconstruction Company (India) Ltd. Further settlement agreement entered in to by the company on 23rd February, 2018, for the entire dues in respect of various facilities and assistance provided by Bank of Maharashtra and Punjab National Bank which is now assigned to Invent Assets Securitization & Reconstruction Pvt. Ltd.The company has accounted for the Waiver of Principal portion of Loan facilities under Capital Reserve Account and Waiver of Interest portion (as per books of the company) as Income in the statement of Profit and loss.The said agreements provide for the settlement of entire dues in respect of financial assistance and facilities with the underlying Securities for the payment of ₹ 6600 lakhs towards full and final settlement against the total liability (Principal and Interest as per the books of the company) of ₹ 28090 lakhs resulting in to the waiver of liability (Principal and Interest) amounting to ₹ 21490 lakhs. Out of the said waiver of liability (Principal and Interest) of ₹ 21490 lakhs,the waiver of Principal portion of ₹ 10923 lakhs has been accounted under capital reserve account in the Statement of Assets and Liabiities as at 31st March 2018 and waiver of Interest Liability of ₹ 10567 lakhs has been shown as income in the Statement of Profit and loss and has been reflected as an Exceptional Item in the Statement of Profit and loss for the year ended on 31st March 2018.**

5) **Attention in invited to Note No 43 of the Standalone IND AS financial statements which states about the Provision for taxation particularly provision for tax liability u/s 115JB (2)(vii) of Income Tax Act, 1961 has been considered after taking into account the fact that the company was registered and declared "SICK" by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) and accordingly the same has been computed and reflected in the books of accounts.**

Our opinion is not qualified on the above 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 Section 143(11) of the Act, we give in the Annexure-"A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
   (d) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
   (e) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued there under.
   (f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Position as referred to in Note no.45 to the Standalone Ind AS Financial Statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Parikh & Majmudar
Chartered Accountants
FR No. 107525W

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

Place: Ahmedabad
Date: 30/05/2018

Annexure A to Independent Auditors' Report

REFERRED TO IN PARAGRAPH "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF SHAH ALLOYS LIMITED:

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.

(b) As explained to us, a major portion of fixed assets are physically verified by the management during the year in accordance with a phased program of verification adopted by company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.

(c) According to the information and explanation given to us and on the basis of our examination of records of the company, title deeds of the immovable properties held are in the name of the company.

(ii) In respect of its inventories:

As explained to us, inventories(excluding goods in transit and goods lying at port) were physically verified by management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

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

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

(iv) The company has complied with the provisions of Section 185 and 186 with respect to the investment made and guarantee given.

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

(vi) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government of India for the maintenance of Cost records specified under section 148 of Companies Act 2013 and are of the opinion that prima facie, the prescribed accounts & records have been made and maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, ESIC, income-tax, sales tax, Goods & Service Tax, service tax, , duty of customs, duty of excise, value added tax, cess and other statutory dues have been generally regularly deposited during the year with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, value added tax, duty of customs, duty of excise, Goods & Service Tax ,service tax, cess and other material statutory dues were in arrears as at 31st March 2018 for a period of more than six months from the date they became payable.

b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues that have not been deposited as on 31st March, 2018 on account of matters pending before the appropriate authorities. 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 ₹ Lakhs)
1	Gujarat Value Added Tax Act,2003	Value Added Tax	2006-07	Joint Commissioner, VAT Ahmedabad	381.28
2	Custom, Service tax and Excise	Service tax	January 2004 to May 2005	Custom Excise and Service Tax, Appellate Tribunal, Ahmedabad	2.15
3	Custom, Service tax and Excise	Excise duty	November 2005 to February 2006	Custom Excise and Service Tax, Appellate Tribunal, Ahmedabad	34.87
4	Custom, Service tax and Excise	Excise duty	2006-07 to 2007-08	Gujarat High Court	44.02
5	Custom, Service tax and Excise	Service tax	January 2005 to July 2011	The Commissioner of Central Excise, Ahmedabad III	51.58

6	Custom, Service tax and Excise	Service tax	April 2012 to October 2012	Custom Excise and Service Tax, Appellate Tribunal, Ahmedabad	23.43
7	Custom, Service tax and Excise	Service tax	November 2012 to March 2013	The Addl. Commissioner of Central Excise, Ahmedabad III	1.71
8	Custom, Service tax and Excise	Service tax	2013-14	The Joint Commissioner of Central Excise, Ahmedabad III	1.48
9	Custom, Service tax and Excise	Service tax	November 1997 to June 1998	Gujarat High Court	25.43
10	Custom, Service tax and Excise	Excise duty	September 2010 to December 2013	Custom Excise and Service Tax, Appellate Tribunal, Ahmedabad	1909.76
11	Custom, Service tax and Excise	Service tax	December 2014 to May 2015	The Dy, Commissioner of Central Excise Division Kalol, Ahmedabad III	0.87
12	Custom, Service tax and Excise	Service tax	June 2015 to December 2015	The Asst. Commissioner of Central Excise & CGST, Division Kalol	6.01
13	Custom, Service tax and Excise	Service tax	January 2016 to July 2016	The Asst. Commissioner of Central Excise & CGST, Division Kalol	8.83
14	Custom, Service tax and Excise	Service tax	August 2016 to June 2017	The Asst. Commissioner of Central Excise & CGST, Division Kalol	12.70

(viii) *Consequent upon the sanction of the restructuring package given under CDR mechanism by banks and financial institutions, the company was required to start repaying the loans sanctioned by banks/institutions and debentures holders from June 2011 onwards, however the company has made default in repaying the dues as per the terms stipulated in CDR Rework Proposal. The amount and the period of default in respect of term loan, Non convertible Debentures, Funded interest term Loans, Interest Payable, on the said facilities are as under :*

AME OF THE BANK/F.I.N	NATURE OF FACILITY	Amount (in ₹ Lakhs) of Default as at 31-03-2018	Period Of Default (No of Days)
HDFC BANK	*Term Loan*	*1021.98*	*1-2466*
	Funded Interest Term loan	*404.47*	*1-1551*
	Interest Payable	*877.89*	*1-2527*
INDIAN OVERSEAS BANK	*Non convertible Debenture*	*854.17*	*1-2466*
	Funded Interest Term loan	*615.73*	*1-1551*
	Interest payable	*311.33*	*1-2800*
LIC OF INDIA	*TERM LOAN*	*549.04*	*1-2466*
	Funded Interest Term loan	*333.01*	*1-1551*
	Non convertible Debenture	*6833.33*	*1-2466*
	Interest Payable	*51.58*	*1-2831*

Moreover, the company, in September 2006 has raised us $10 million through unsecured zero coupon foreign currency convertible bonds (FCCB), due on 22 September 2011.on full conversion of FCCB, the FCCB will be converted into 26,41,143 equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of bondholders at any time before the maturity of bonds. On conversion capital will increase by ₹ 264.11 Lakhs and share premium by ₹ 4357.58 Lakhs .If bonds are not converted, the company will have to repay the bonds at premium and in us $. The bonds were convertible into equity shares at the option of bond holders at any time on or after 20th sept 2006 and upto and including 8th September 2011. And hence as on 31st march 2018, this conversion option with bond holders is not being in effect. The company has provided the premium till 22nd Sept 2011 which has been adjusted against security premium in accordance with section 52 of Companies Act, 2013.

However, the company has defaulted in repayment of foreign currency convertible bond (FCCB) dues on its maturity. The default is subsisting since 2381 days.

(ix) According to the information & explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) nor has obtained any term loans during the year under review. Accordingly, paragraph 3(ix) of the Order is not applicable

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies act 2013.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) 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 applicable accounting standards.

(Xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Parikh & Majmudar
Chartered Accountants
Firm Reg. No. 107525W

[C.A. (Dr) Hiten M. Parikh]
PARTNER
M. No. 040230

Place: Ahmedabad
Date : 30/05/2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SHAH ALLOYS LIMITED

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s SHAH ALLOYS LIMITED ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information & according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Parikh & Majmudar
Chartered Accountants
FR No. 107525W

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

Place: Ahmedabad
Date: 30/05/2018

Balance Sheet as at 31st March, 2018

(Amount ₹ in Lakhs)

	Note No	As At 31st March 2018	As At 31st March 2017	As At 31st March 2016
ASSETS				
1) Non-current assets				
a) Property, Plant and Equipment	2	13056.63	14316.58	15694.42
b) Capital work-in-progress	2	900.50	900.50	900.50
c) Financial Assets				
(i) Investments	3	2181.53	1534.03	874.43
(ii) Trade receivables	4	0.00	34.30	20.20
(iii) Loans	5	0.00	0.00	0.00
d) Deferred tax Assets (net)	6	21180.94	33804.43	34815.71
e) Other non-current assets	7	654.74	608.75	541.97
2) Current assets				
a) Inventories	8	8442.64	11675.24	8243.24
b) Financial Assets				
(i) Trade receivables	9	365.38	699.42	973.33
(ii) Cash and cash equivalents	10	102.03	192.56	305.41
c) Other current assets	11	1004.04	592.86	1145.90
TOTAL ASSETS		**47888.43**	**64358.67**	**63515.11**
EQUITY & LIABILITIES :				
EQUITY:				
a) Equity Share capital	12	1979.75	1979.75	1979.75
b) Other Equity	13	-17134.83	-27968.80	-39173.94
LIABILITIES :				
1) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	23821.05	22397.44	23980.07
(ii) Trade payables	15	1708.82	2138.32	2051.42
(b) Provisions	16	121.34	126.69	117.07
(c) Non-current liabilities	17	77.85	99.32	49.38
(d) Other non-current liabilities	18	0.00	35.00	35.00
2) Current liabilities				
(a) Borrowings	19	0.00	7177.91	13087.49
(b) Trade payables	20	5027.20	7953.65	5346.09
(c) Other financial liabilities	21	30977.99	48344.69	54266.04
(d) Other current liabilities	22	779.44	1597.31	1326.09
(e) Provision for Employee Benefits	23	529.82	477.39	450.65
Total Equity and Liabilities		**47888.43**	**64358.67**	**63515.11**
The accompanying Notes 1 to 54 are integral part of these Financial Statements.				

As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah Chairman
Ashok Sharma Whole Time Director & CFO
K. S. Kamath Jt. Managing Director

Place : Santej
Date : 30th May 2018

Statement of Profit and Loss for the Year ended 31st March, 2018

(Amount ₹ in Lakhs)

		Note No	As At 31st March 2018	As At 31st March 2017
I	Revenue from Operations	24	56341.72	34897.21
II	Other Income	25	74.47	90.15
III	Total Income (I +II)		56416.19	34987.36
IV	**Expenses:**			
	Cost of Materials Consumed	26	31222.57	21264.24
	Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-progress	27	3348.80	-3572.08
	Excise duty	28	1229.95	3759.10
	Employee Benefits Expense	29	1803.70	1217.66
	Finance Costs	30	13.13	1433.35
	Depreciation and Amortization Expense		1364.30	1374.31
	Other Expenses	31	18807.99	12287.48
	Total Expenses (IV)		57790.44	37764.06
V	Profit before tax and Exceptional Item (III- IV)		-1374.25	-2776.70
VI	Exceptional Item (Refer Note No 39,40 & 49)		14087.79	8097.67
VII	Profit before tax (V+VI)		12713.54	5320.97
VIII	Tax expense :			
	(1) Current Tax		0.00	0.00
	(2) Deferred Tax		8504.20	1013.75
	Total Tax Expenses (VIII)		8504.20	1013.75
IX	Profit for the period (VII -VIII)		4209.34	4307.22
X	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		0.00	0.00
	B (i) Items that will be reclassified to profit or loss		20.45	7.14
	(ii) Income tax relating to items that will be reclassified to profit or loss		7.15	2.48
	Total Other Comprehensive Income (X)		27.60	9.62
XI	Total Comprehensive Income for the period (IX + X) (Comprising Profit and Other Comprehensive Income for the period)		4236.94	4316.84
XII	Earnings per equity share (Face Value of ₹ 10/- each)			
	Basic & Diluted	31-A	21.26	21.76

The accompanying Notes 1 to 54 are integral part of these Financial Statements.

As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah Chairman
Ashok Sharma Whole Time Director & CFO
K. S. Kamath Jt. Managing Director

Place : Santej
Date : 30th May 2018

Cash Flow Statement for the year ended 31st March 2018

(Pursuant to the listing Regulation)

(Amount ₹ in Lakhs)

Particulars	2017-18		2016-17	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax		12734.00		5328.12
Adjustments for :				
Depreciation	1364.30		1374.31	
Loss / (Profit) on Sale of Assets	0.00		(1.16)	
Interest expenses	13.13		1433.35	
Interest waiver (OTS)	(10567.00)		(6888.29)	
Interest Income	(15.13)		(39.57)	
		(9204.70)		(4121.36)
		3529.30		1206.76
Operating Profit Before Working Capital Changes				
Adjustments for :				
Trade and other receivables	(42.83)		812.85	
Inventories	3232.60		(3432.00)	
Trade Payable and others (including non current liabilities)	(4183.22)		3051.96	
		(993.45)		432.81
Cash Generated From Operations		**2535.85**		1639.57
Direct Taxes Paid		0.00		0.00
Net Cash from Operating Activities before Extra Ordinery Items		**2535.85**		**1639.57**
Extra-ordinery Items				
Changes in non current assets	(45.98)		(66.78)	
Interest waiver income (OTS)	10567.00		6888.29	
Provision for diminution in value of long term investments	(647.50)		(659.60)	
		9873.52		6161.91
Net Cash from Operating Activities after Extra Ordinery Items(A)		**12409.37**		**7801.48**
B CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed assets	(104.35)		0.00	
Sale of Fixed Assets	0.00		4.70	
Interest Income	15.13		39.57	
		(89.22)		44.27
Net Cash from Investing Activities(B)		**(89.22)**		**44.27**
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term and Short Term Borrowings (Net of Repayment)	(12397.55)		(6525.25)	
Interest Paid	(13.13)	(12410.68)	(1433.35)	(7958.60)
Net Cash from Financing Activities(C)		**(12410.68)**		**(7958.60)**
Net Increase in Cash and Equivalent (A+B+C)		(90.53)		(112.85)
Cash And Cash Equivalents as at the Beginning of the year		192.56		305.41
Cash And Cash Equivalents as at the Close of the year		102.03		192.56

Cash Flow Statement for the year ended 31st March 2018 [Contd...]

(Amount ₹ in Lakhs)

Particulars	2017-18		2016-17	
Note :				
Cash & Bank balances :				
a) Balance with Banks :				
- In Current accounts		101.53		190.77
b) Cash on hand		0.50		1.79
Total		**102.03**		**192.56**

As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah Chairman
Ashok Sharma Whole Time Director & CFO
K. S. Kamath Jt. Managing Director

Place : Santej
Date : 30th May 2018

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018:

A. DISCLOSURE OF ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

The Company is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is primarily engaged in manufacturing and sale of wide range of Stainless Steel , Alloy & Special Steel , Carbon / Mild Steel in Flat and Long Products. The Company presently has manufacturing facilities at Santej, District: Gandhinagar (Gujarat).

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT

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

These Financial Statements are the first financial statements of the company under Ind AS - the transition date being1stApril 2016. The information as to how the company has adopted Ind AS and the impact thereof on Company's financial position, financial performance and cash flows is presented in notes to financial statements.

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

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

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

1.3 Use of Estimates

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

1.4 PROPERTY, PLANT AND EQUIPMENT:

i) Property, Plant and Equipment are stated at original cost (net of tax/dutycreditavailed)less accumulated depreciation and impairment losses. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, and pre-operative expenses including attributable borrowing costs incurred during pre-operational period.

ii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

iii) Assets which are not ready for their intended use on reporting date are carried as capital work-in-progress at cost, comprising direct cost and related incidental expenses.

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

v) Property, Plant and Equipment are depreciated and/or amortised on the basis of their useful lives as notified in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

vi) Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period when the assets are ready for use.

vii) An asset's carrying amount is written down immediately on discontinuation to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit/ Loss on Sale and Discard of Fixed Assets.

viii) Useful lives of the Property, Plant and Equipment as notified in Schedule II to the Companies Act, 2013 are as follows :

Buildings - 3 to 60 years
Plant and Equipments - 15 to 25 years
Furniture and Fixtures - 10 years
Vehicles - 8 to 10 years
Office Equipments - 5 to 10 years

ix) At each balance sheet date, the Company reviews the carrying amount of property, plant and equipment to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

1.5 Revenue Recognition

i) Revenue comprises of all economic benefits that arise in the ordinary course of activities of the Company which result in increase in Equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

ii) Sale of Goods: Revenue from sales of goods is recognized on transfer of significant risks and rewards of ownership to the customers. Revenue shown in the Statement of Profit and Loss are inclusive of Excise Duty upto 30th June 2017 and the value of self-consumption, but excludes, returns, trade discounts, cash discounts, value added tax, central sales tax. Excise Duty expense has been disclosed in Statement of Profit and Loss as expenditure.

iii) Services: Revenue from Services are recognized as and when the services are rendered.

iv) Interest: Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

v) Export Benefits are accounted on accrual basis.

vi) Dividend income is recognized when right to receive is established.

1.6 EMPLOYEE BENEFITS:

i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

ii) Post Employment and Retirement benefits in the form of Gratuity are considered as defined benefit obligations and is provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.

iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on government bonds that have terms approximating to the terms of the related obligation.

iv) Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organization established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid.

1.7 Valuation of Inventories

i) The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. The costs of Raw Materials, Stores and spare parts etc., consumed consist of purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the procurement.

ii) Stock of Raw Materials are valued at cost and of those in transit and at port related to these items are valued at cost to date.Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Material and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

iii) Stock of Stores and spare parts are valued at cost; and of those in transit and at port related to these items are valued at cost.

iv) Goods-in-process is valued at lower of cost or net realisable value.

v) Stock of Finished goods is valued at lower of cost or net realisable value.

1.8 Cash flow statement

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

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

1.9 FINANCIAL ASSETS:

i) The Company classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortized cost.

ii) Trade receivables represent receivables for goods sold by the Company upto to the end of the financial year.The amounts are generally unsecured and are usually received as per the terms of payment agreed with the customers.The amounts are presented as current assets where receivable is due within12 months from the reportingdate.

iii) Trade receivables are impaired using the lifetime expected credit loss model under simplified approach. The Company uses a matrix to determine the impairment loss allowance based on its historically observed default rates over expected life of trade receivables and is adjusted for forward looking estimates. At every reporting date, the impairment loss allowance is determined and updated and the same is deducted from Trade Receivables with corresponding charge/ credit to Profit and Loss.

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

1.10 FINANCIAL LIABILITIES:

i) Borrowings are removed from balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

ii) Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

iii) Trade Payables represent liabilities for goods and services provided to the Company upto to the end of the financial year. The amounts are unsecured and are usually paid as per the terms of payment agreed with the vendors. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially and subsequently measured at amortised cost.

iv) Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.12 FAIR VALUE MEASUREMENT:

i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

ii) The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

iii) A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

iv) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.13 FOREIGN CURRENCY TRANSACTIONS:

i) The Company's financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency.

ii) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

iii) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated usingthe exchange rate at the date when the fair value is determined.

1.14 BORROWING COSTS:

i) Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustmentto interest costs) incurred in connection with the borrowing of funds.

ii) General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use.

iii) All other borrowing costs are expensed in the period in which they are incurred.

1.15 ACCOUNTING FOR TAXES ON INCOME:

i) Tax expenses comprise of current tax and deferred tax including applicable surcharge and cess.

ii) Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

iii) Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any un used tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits against which the deductible temporary differences,and the carry forward un used tax credits and un used tax losses can be utilized.

iv) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is become probable that future taxable profits will allow the deferred taxasset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is setled,based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

v) Deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income. As such, deferred tax is also recognised in other comprehensive income.

vi) Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the Deferred Tax Assets and DeferredTax Liabilities relate to taxes on income levied by same governing taxation laws.

1.16 PROVISIONS,CONTINGENTLIABILITIESANDCONTINGENTASSETS:

i) Provisions are made when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate is made of the amount of the obligation.

ii) Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts. Contingent liabilities is disclosed in case of a present obligation from past events (a) when it is not probable that an outflow of resources will be required to settle the obligation;(b)when no reliable estimate is possible;(c)unless the probability of outflow of resources is remote.

iii) Contingent assets are not accounted.

1.17 CURRENT AND NON-CURRENT CLASSIFICATION:

i) The Normal Operating Cycle for the Company has been assumed to be of twelve months for classification of its various assets and liabilities into "Current" and "Non-Current".

ii) The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

iii) An asset is current when it is (a) expected to be realized or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; (d) Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

iv) An liability is current when (a) it is expected to be settled in normal operating cycle; (b) it is held primarily for the purpose of trading; (c) it is due to be discharged within twelve months after the reporting period; (d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

1.18 RELATED PARTY TRANSACTIONS:

i) A related party is a person or entity that is related to the reporting entity preparing itsfinancial statements

(a) A person or a close member of that person's family is related to reporting entity if that person;

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies;

(i) the entity and the reporting entity are members of the same group (which means that each parent,subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;

(vi) The entity is controlled or jointly controlled by a person identified in(a);

(vii) A person identified in(a)

(i) Has significant influence over the entity or is a member of the key management personnel of the entity(or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

ii) A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

iii) Disclosure of related party transactions as required by the accounting standard is furnished in the Notes on Financial Statements.

1.19 EARNINGS PER SHARE:

i) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

Notes forming part of the Financial Statements **Amount (₹ in Lakhs)**

Note 2 : PROPERTY, PLANT AND EQUIPMENT

Tangible Assets :

(Amount ₹ in lakhs)

Particulars	Freehold Land	Factory Building	Office Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
Cost of Assets									
As at 1st April 2016	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.84
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	70.69	0.00	0.00	70.69
As at 31st March 2017	**422.82**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**320.37**	**210.23**	**197.24**	**55,476.15**
Addition	104.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	104.35
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2018	**527.17**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**320.37**	**210.23**	**197.24**	**55,580.50**
Depreciation									
As at 1st April 2016	0.00	1,017.56	43.56	38,000.21	46.71	371.50	199.72	173.18	39,852.42
Charge for the year 2017	0.00	68.87	5.16	1,293.61	0.00	0.01	0.00	6.66	1,374.31
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	-67.16	0.00	0.00	-67.16
As at 31st March 2017	**0.00**	**1,086.42**	**48.72**	**39,293.82**	**46.71**	**304.35**	**199.72**	**179.84**	**41,159.57**
Charge for the year 2018	0.00	68.85	5.16	1,284.09	0.00	0.00	0.00	6.21	1,364.30
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2018	**0.00**	**1,155.27**	**53.88**	**40,577.91**	**46.71**	**304.35**	**199.72**	**186.04**	**42,523.87**
Net Block									
As at 1st April 2016	**422.82**	**1,259.17**	**283.36**	**13,672.48**	**2.46**	**19.56**	**10.51**	**24.06**	**15,694.42**
As at 31st March 2017	**422.82**	**1,190.30**	**278.20**	**12,378.87**	**2.46**	**16.02**	**10.51**	**17.40**	**14,316.58**
As at 31st March 2018	**527.17**	**1,121.45**	**273.04**	**11,094.78**	**2.46**	**16.02**	**10.51**	**11.20**	**13,056.63**

Capital work-in-progess	31.03.2018	31.03.2017	01.04.2016
Plant & Machinery	900.50	900.50	900.50
Total	**900.50**	**900.50**	**900.50**

Notes:

1) Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.

2) Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.

Notes forming part of the Financial Statements

Amount (₹ in Lakhs)

Note 3 : INVESTMENTS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Trade Investments			
Quoted			
Investment in Equity instruments of Associate Company	3994.96	3994.96	3994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y : 3,02,56,989 Equity shares)			
Less : Provision for Diminution in value of Investment	1813.43	2460.93	3120.53
TOTAL	**2181.53**	**1534.03**	**874.43**
Aggregate amount of Quoted Investment and Market Value ₹ 2181.53 Lakhs as at 31st March 2018 (P.Y. ₹ 1534.03 Lakhs)			

Amount (₹ in Lakhs)

Note 4 : TRADE RECEIVABLES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Non-current Trade Receivable			
Unsecured, considered good	113.15	187.67	182.40
less : Provision for Doubtful Debts	113.15	153.37	162.20
TOTAL	**0.00**	**34.30**	**20.20**

Amount (₹ in Lakhs)

Note 5 : LOANS & ADVANCE :	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
- Loans & Advances Recoverbale in cash or in kind	0.00	0.00	0.00
TOTAL	**0.00**	**0.00**	**0.00**

Amount (₹ in Lakhs)

Note 6 : DEFERRED TAX ASSETS (NET)	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Deferred tax Assets (Net)	21180.94	33804.43	34815.71
TOTAL	**21180.94**	**33804.43**	**34815.71**
DEFERRED TAX ASSETS			
Unabsorbed Depreciation and Business Loss	19204.10	28101.12	27303.29
On account of disallowances under the Income tax act, 1961	4474.10	8341.26	10215.83
Gross deferred tax asset (A)	**23678.20**	**36442.38**	**37519.12**
Deferred tax liabilities			
Fixed Asset : Impact of difference between tax depreciation and depreciation charged for the financial reporting	2497.26	2637.95	2703.41
Gross deferred tax liability (B)	**2497.26**	**2637.95**	**2703.41**
Net Deferred tax (A-B)	**21180.94**	**33804.43**	**34815.71**

Amount (₹ in Lakhs)

Note 7 : OTHER NON-CURRENT ASSETS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Loans & Advance Recoverable in cash or in kind	94.51	94.92	93.70
(b) Security Deposit			
Unsecured, considered good	227.02	227.02	227.02
(c) Advances to Supplier			
Unsecured, considered good	198.10	213.82	148.50
(d) Advance Income Tax, TDS & TCS	22.02	28.74	17.68
(e) Balance with Govt. Authorities	113.09	44.25	55.07
Unsecured, considered good			
TOTAL	**654.74**	**608.75**	**541.97**

Amount (₹ in Lakhs)

Note 8 : INVENTORIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(Inventories are taken, valued and certified by the management)			
(a) Raw Materials	500.12	474.06	443.86
(b) Work in progress	2148.96	2202.63	834.44
(c) Finished goods	2203.85	5498.98	3295.09
(d) Stores and spares	3589.71	3499.57	3669.85
TOTAL	**8442.64**	**11675.24**	**8243.24**

Amount (₹ in Lakhs)

Note 9 : TRADE RECEIVABLES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(i) Outstanding for a period exceeding six months			
un Secured, considered good	0.00	0.00	76.98
(ii) Others			
un Secured, considered good	365.38	699.42	896.35
TOTAL	**365.38**	**699.42**	**973.33**
Trade Receivable include dues from Associate concerns:			
SAL Hospital & Medical Institute (A Div. of SAL Care Pvt Ltd.)	**0.59**	**1.56**	**0.00**

Amount (₹ in Lakhs)

Note 10 : CASH AND CASH EQUIVALENTS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Balances with Scheduled Banks			
On current Account	101.53	190.77	285.22
(b) Margine Money with Scheduled Banks	0.00	0.00	10.41
(c) Cash on hand	0.50	1.79	9.78
TOTAL	**102.03**	**192.56**	**305.41**

Amount (₹ in Lakhs)

Note 11 : OTHER CURRENT ASSETS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Balance with government authorities	463.41	388.18	672.28
Advance to Suppliers	291.36	139.00	379.49
Prepaid Expenses	171.98	9.17	29.07
Loans & Advance Recoverable in cash or in kind	77.29	56.51	65.06
	1004.04	**592.86**	**1145.90**

Amount (₹ in Lakhs)

Note 12 : SHARE CAPITAL	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Authorised :			
3,50,00,000 Equity Shares of ₹ 10/- each (Previous year : 3,50,00,000 Equity Shares of ₹ 10/- each)	3500.00	3500.00	3500.00
	3500.00	**3500.00**	**3500.00**
Issued & Subscribed and Paid up :			
1,97,97,540 Equity Shares of ₹10/- each fully paid up (Previous year : 1,97,97,540 Equity Shares of ₹10/- each fully paid up)	1979.75	1979.75	1979.75
TOTAL	**1979.75**	**1979.75**	**1979.75**

a) Reconciliation of Number of Shares:

Equity Shares:	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year	1 97 97 540	1979.75	1 97 97 540	1979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	**1 97 97 540**	1979.75	**1 97 97 540**	1979.75

b) Rights, Preferences and restrictions attached to shares

Equity Shares

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

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

Name of the Shareholder	As at 31st March, 2018		As at 31st March, 2017	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta of HUF

Amount (₹ in Lakhs)

Note 13 : OTHER EQUITY	As At March 31, 2018		As At March 31, 2017		As At March 31, 2016	
Securities Premium Account						
Opening Balance	502.61		502.61		502.61	
Add : Addition during the year	0.00		0.00		0.00	
		502.61		502.61		502.61
Capital Reserve						
Opening Balance	28282.73		21394.43		0.00	
Add : Addition during the year	10723.45		6888.30		21394.43	
		39006.18		28282.73		21394.43
Debenture Redemption Reserve:						
Opening Balance	6000.00		6000.00		6000.00	
Add : Addition during the year	0.00		0.00		0.00	
		6000.00		6000.00		6000.00
Retained Earnings						
Balance Brought Forward From Previous Year	-66890.17		-62944.57		-79428.59	
Adjustment as per IND AS			-4126.41			
add Deferred tax adjustment due to indas	0.00		0.00		0.00	

Adjustment as per IND AS			0.00		-81.27	
	0.00		0.00			
	-66890.17		-67070.98		-79509.86	
Add : Profit/(Loss) for the year	4209.34	-62680.84	4307.22	-62763.76	12438.88	-67070.98
Other Comprehensive Income						
(a) Remeasurements of Defined Benefit Plans						
Balance as per last Financial year	-9.62		0.00		0.00	
Add: For the Year	-27.60		-9.62		0.00	
Closing Balance		-37.22		-9.62		0.00
TOTAL		**-17134.83**		**-27968.80**		**-39173.94**

Amount (₹ in Lakhs)

Note 14 : BORROWINGS	**As At March 31, 2018**		**As At March 31, 2017**		**As At March 31, 2016**	
(A) SECURED :						
I) Debentures						
- Non Convertible Debentures	187.50		1458.33		2708.33	
II) Term Loans						
a) From Banks	24.93		287.84		980.08	
b) From Financial Institutions	23240.89	23453.32	20169.54	21915.71	19759.93	23448.34
(B) UNSECURED:						
Inter Corporate Deposits						
From Others	0.00		114.00		164.00	
Loans & Advances from related parties						
- From Director	367.73	367.73	367.73	481.73	367.73	531.73
TOTAL		**23821.05**		**22397.44**		**23980.07**

(A) SECURED :

a) Nature of security and terms of repayment for secured borrowings

I) Non Convertible Debentures

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

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

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

Amount (₹ in Lakhs)

Financial Year	**Rate of Interest**	
	9%	**10%**
2019-20	20.83	16.67

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

Particulars	**Default in repayment of principal**	**Period of default (days)**	**Default in payment of interest**	**Period of default (days)**
2011-12	937.25	2190-2466	818.90	2190-2527
2012-13	1125.00	1825-2101	980.00	1825-2162
2013-14	1125.00	1460-1736	980.00	1460-1797
2014-15	1125.00	1095-1370	890.00	1095-1431
2015-16	1125.00	730-1005	892.44	730-1066
2016-17	1125.00	365-640	890.00	365-700
2017-18	1125.00	1-270	(*)	
Total	**7687.25**		**5451.34**	

(*) Refer Note no 35 of Notes forming part of

II) Term Loan from Bank / Financial Institution: financial statements

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

Terms of repayment for term loans are as set out below : Amount ₹ in Lakhs

Particulars/ Financial Year	2019-20	2020-21	2021-22	2022-23	2023-24
Rupee term Loan from Bank	24.93	0.00	0.00	0.00	0.00
Term Loans from Financial Institution	7916.89	8216.50	5573.75	607.25	926.50
Total	**7941.82**	**8216.50**	**5573.75**	**607.25**	**926.50**

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

The company has made a default in repayment as follows:

Particulars	Period to which default relates	Default in repayment of principal	Period of default (days)	Default in payment of interest	Period of default (days)
Rupee Term Loan From Bank	2011-12	124.63	2190-2466	119.97	2190-2527
	2012-13	149.56	1825-2101	119.65	1825-2162
	2013-14	149.56	1460-1736	119.65	1460-1797
	2014-15	149.56	1095-1370	119.65	1095-1431
	2015-16	149.56	730-1005	119.65	730-1066
	2016-17	149.56	365-640	119.65	365-700
	2017-18	149.56	1-270	-	**(*)**
Rupee Term Loan From Financial lnstitutions	2011-12	66.96	2190-2466		
	2012-13	80.35	1825-2101	56.24	1825-2162
	2013-14	80.35	1460-1736	56.24	1460-1797
	2014-15	80.35	1095-1370	56.24	1095-1431
	2015-16	80.35	730-1005	56.40	730-1066
	2016-17	80.35	365-640	56.24	365-700
	2017-18	80.35	1-270	-	**(*)**
Funded Interest Term Loan	2010-11			235.71	2556-2800
	2011-12			247.10	2191-2435
	2012-13			247.10	1826-2070
	2013-14	150.36	1460-1551	247.10	1461-1704
	2014-15	300.71	1095-1186	247.10	1096-1339
	2015-16	300.71	730-821	247.10	730-1066
	2016-17	300.71	365-455	247.10	365-700
	2017-18	300.71	1-270	**-**	**(*)**
TOTAL		**2924.23**		**2717.87**	

(*) Refer Note No 35 of Notes forming part of Financial Statements

Amount (₹ in Lakhs)

Note 15 : TRADE PAYABLE	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Trade Payables	1708.82	2138.32	2051.42
TOTAL	**1708.82**	**2138.32**	**2051.42**

Amount (₹ in Lakhs)

Note 16 : LONG TERM PROVISIONS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Provision for Gratutiy	121.34	126.69	117.07
TOTAL	**121.34**	**126.69**	**117.07**

Amount (₹ in Lakhs)

Note 17 : NON-CURRENT LIABILITIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Advances from Customer	0.00	14.29	0.75
(a) Other Liabilities	77.85	85.03	48.63
TOTAL	**77.85**	**99.32**	**49.38**

Amount (₹ in Lakhs)

Note 18 : OTHER NON-CURRENT LIABILITIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Security Trade Deposits	0.00	35.00	35.00
TOTAL	**0.00**	**35.00**	**35.00**

Amount (₹ in Lakhs)

Note 19 : BORROWINGS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Secured			
- Cash Credit Facilities	0.00	7127.91	13061.49
Unsecured			
Inter Corporate Deposits			
From Related Parties	0.00	50.00	26.00
TOTAL	**0.00**	**7177.91**	**13087.49**

Amount (₹ in Lakhs)

Note 20 : TRADE PAYABLES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Total outstanding dues of micro enterprises and small enterprises	0.00	0.00	0.00
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No 50)	5027.20	7953.65	5346.09
TOTAL	**5027.20**	**7953.65**	**5346.09**
Trade Receivable include dues from Associate concerns:			
SAL Steel Limited	2560.86	4883.71	3210.29
SAL Hospital & Medical Institute (A Div. of SAL Care Pvt Ltd.)	45.38	27.15	27.15
SAL Pharmacy (A Div. of SAL Corporation P. Ltd)	8.82	8.68	8.52

Amount (₹ in Lakhs)

Note 21 : OTHER FINANCIAL LIABILITIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Current maturities of long-term debt;	2442.76	4186.39	4833.06
(b) Interest accrued and due on borrowings;	10685.62	18397.24	22734.93
(c) Unpaid Matured Debentures	7687.50	7291.67	6041.67
(d) Unpaid Foreign Currency Convertible Bonds (FCCB)	7237.88	7237.88	7237.88
(e) Other Payables to Banks & Financial Institutions	2924.23	11231.51	13418.50
TOTAL	**30977.99**	**48344.69**	**54266.04**

Amount (₹ in Lakhs)

Note 22 : OTHER CURRENT LIABILITES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Advance from customers	129.67	172.23	167.91
Duties and taxes	19.43	763.63	402.28
Deferred sales tax Liability	497.99	497.99	497.99
Unpaid Expenses -Other Liabilities	132.35	163.46	257.91
TOTAL	**779.44**	**1597.31**	**1326.09**

Amount (₹ in Lakhs)

Note 23 : PROVISION FOR EMPLOYEE BENEFITS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
-Gratuity	48.28	44.36	36.00
-Leave Encashment	54.12	54.12	54.12
- Others	427.42	378.91	360.53
TOTAL	**529.82**	**477.39**	**450.65**

Amount (₹ in Lakhs)

Note 24 : REVENUE FROM OPERATIONS	As At March 31, 2018		As At March 31, 2017	
I. Sale of Products				
Direct Export Turnover	56.78		0.00	
Domestic Turnover	55952.95	56009.73	34794.17	34794.17
II. Sale of service				
- Job work Income (TDS ₹ 6.09 Lakhs PY ₹ 0.06 Lakhs)	330.95		3.04	
- Manpower Services (TDS P Y ₹ 2.00 Lakhs)	0.00	330.95	100.00	103.04
III. Other Operating Revenues				
Export Incentives- Duty Draw Back		1.04		0.00
Total Revenue from operations		**56341.72**		**34897.21**

Amount ₹ in Lakhs

Details of product sold	As At March 31, 2018	As At March 31, 2017
Bars, Beams, Flats	180.91	385.92
Plate & Coil	48163.78	30087.43
Slab, Billets, etc	7665.04	4320.82
Total	**56009.73**	**34794.17**

(Amount includes GST)

Amount (₹ in Lakhs)

Note 25 : OTHER INCOME	As At March 31, 2018	As At March 31, 2017
Interest Income (TDS ₹ 1.36 Lakhs P Y ₹ 3.95 Lakhs)	15.13	39.57
Profit on Sale of Fixed Assets	0.00	1.17
Foreign exchange fluctuation Gain (Net)	42.38	49.41
Sundry balances written back (Net)	16.96	0.00
TOTAL	**74.47**	**90.15**

Amount (₹ in Lakhs)

Note 26 : COST OF MATERIALS CONSUMED	As At March 31, 2018	As At March 31, 2017
Opening Stock of Raw Material	474.06	443.86
Add : Purchases	31248.63	21294.44
	31722.69	21738.30
Less : Closing Stock of Raw Material	500.12	474.06
TOTAL	**31222.57**	**21264.24**

Amount (₹ in Lakhs)

Consumption of Raw material	As At March 31, 2018	As At March 31, 2017
Scrap	28542.51	20200.42
Others	2680.06	1063.82
TOTAL	**31222.57**	**21264.24**

Amount (₹ in Lakhs)

Note 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS	As At March 31, 2018		As At March 31, 2017	
Opening Stock				
Finished Goods	5498.98		3295.09	
Stock-in-Progress	2202.63	7701.61	834.44	4129.53
Less : Closing Stock				
Finished Goods	2203.85		5498.98	
Stock-in-Progress	2148.96	4352.81	2202.63	7701.61
Increase/(Decrease) in Stock of Finished Goods & Stock-in-Progress		**3348.80**		**-3572.08**

Amount (₹ in Lakhs)

Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-progress	31.03.2018		31.03.2017	
Opening Stock				
Finished Goods				
Bars, Beams, Flats	4.94		321.73	
Plate & Coil	4885.66		2628.10	
Excise Duty On Finished Goods	608.38		345.26	
Stock-in-Progress				
Slab, Billets, etc	2202.63	7701.61	834.44	4129.53
Less :Closing Stock				
Finished Goods				
Bars, Beams, Flats	54.48		4.94	
Plate & Coil	2149.37		4885.66	
Excise Duty On Finished Goods	0.00		608.38	
Stock-in-Progress				
Slab, Billets, etc	2148.96	4352.81	2202.63	7701.61
Increase/(Decrease) in Stock of Finished Goods & Stock-in-Progress		**3348.80**		**-3572.08**

Amount (₹ in Lakhs)

Note 28 : EXCISE DUTY	As At March 31, 2018	As At March 31, 2017
Excise duty on Sales	1229.95	3759.10
TOTAL	**1229.95**	**3759.10**

Amount (₹ in Lakhs)

Note 29 : EMPLOYEE BENEFITS EXPENSES	As At March 31, 2018	As At March 31, 2017
Salary & Bonus	1694.01	1151.02
Contribution to Provident Fund etc.	58.94	36.73
Staff welfare expenses	50.75	29.91
TOTAL	**1803.70**	**1217.66**

Amount (₹ in Lakhs)

Note 30 : FINANCE COSTS	As At March 31, 2018	As At March 31, 2017
Term Loan	0.00	467.91
Working capital facilities	0.00	63.93
Debentures	0.00	890.00
Interest to Others	13.13	11.51
TOTAL	**13.13**	**1433.35**

Amount (₹ in Lakhs)

Note 31 : OTHER EXPENSES	As At March 31, 2018		As At March 31, 2017	
Stores & Spares Consumed :				
Opening Stock	3499.57		3669.84	
Add : Purchases	4787.13		3393.95	
	8286.70		7063.79	
Less: Closing Stock	3589.71	4696.99	3499.57	3564.22
Power & fuel		6416.16		6057.68
Factory Labour expense		621.08		576.73
Factory Expenses		40.22		72.37
Repairs & Maintenance :				
Machinery	181.49		86.16	
Building	4.00		6.60	
Others	4.61	190.10	19.73	112.49
Selling costs		31.40		48.24
Packing Cost		1.62		0.54
Freight outward expenses		43.04		124.19
Travelling, Conveyance and Vehicle Expenses		41.76		25.60
Legal, Consultancy and Professional Fees		81.87		88.61
Miscellaneous expenses		38.68		22.49
Advertisement, Stationery and Communication		28.01		26.83
Payment to Auditors #		9.25		11.91
Rent		9.60		11.70
Rates and Taxes		27.94		30.90
Insurance		8.75		3.06
Bank Charges		12.51		8.30
Provision for Bad debt (Net)		-15.54		18.73
Sundry Balances Written off (Net)		0.00		11.25
GST		6830.62		0.00
Sales Tax expenses		302.32		1208.53
Excise duty adjustment for stock		-608.39		263.11
TOTAL		**18807.99**		**12287.48**

Amount (₹ in Lakhs)

	As At March 31, 2018	As At March 31, 2017
As auditors - Statutory audit	8.00	7.50
For other Services	1.25	4.41
	9.25	**11.91**

Amount (₹ in Lakhs)

Note 31-A Earning Per Share	As At March 31, 2018	As At March 31, 2017
Basic/Diluted Earnings per Share		
Number of Equity Shares at the beginning of the year (Lakhs)	197.98	197.98
Number of Equity Shares alloted during the year (Lakhs)	0.00	0.00
Number of Equity Shares at the end of the year (Lakhs)	197.98	197.98
Weighted average number of equity shares		
Profit for the year (after tax, available for equity shareholders)	4209.34	4307.22
Basic and Diluted Earnings Per Share in ₹	21.26	21.76

32 Financial and derivative instruments

Capital Management

The company's objective when managing capital is to:

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

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

Disclosures

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

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

(i) Categories of Financial Instruments

(Amount in ₹ in Lakhs)

Particulars	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Financial Assets			
Measured at Amortised Cost			
(i) Trade and Other Receivables	365.38	733.72	993.53
(ii) Cash and Cash Eqivalents	102.03	192.56	305.40
(iii) Loans	—	—	—
(iv) Other Financial Assets	1658.78	1201.61	1687.87
(v) Investments	2181.53	1534.03	874.43
Financial Liabilities			
Measured at Amortised Cost			
(i) Borrowings	23821.05	29575.35	37067.56
(ii) Trade Payables	6736.02	10091.97	7397.51
(iii) Other Financial Liabilities	30977.99	48344.69	54266.04

(ii) Fair Value Measurement

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

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

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

(iii) Financial Risk Management Objectives

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

Market Risk

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

Foreign Currency Risk

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

Interest Rate Risk

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

Liquidity Risk

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

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

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

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

(Amount ₹ in Lakhs.)

Particulars	Due in 1 Year	1 Year - 3 Years	More than 3 Years	Total
As at 31st March, 2018				
Borrowings	—	22287.30	1533.75	23821.05
Trade Payables	5027.20	1708.82	—	6736.02
Other Financial Liabilities	30977.99	—	—	30977.99
Total	36005.19	23996.12	1533.75	61535.06
As at 31st March, 2017				
Borrowings	7177.91	18997.44	3400.00	29575.35
Trade Payables	7953.65	2138.32	-	10091.97
Other Financial Liabilities	48344.69	—	—	48344.69
Total	63476.25	21135.76	3400.00	88012.01
As at 1st April, 2016				
Borrowings	13087.49	17338.07	6642.00	37067.56
Trade Payables	5346.09	2051.42	—	7397.51
Other Financial Liabilities	54266.04	—	—	54266.04
Total	**72699.62**	**19389.49**	**6642.00**	**98731.11**

Credit Risk

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

Trade Receivables

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

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

(Amount in ₹Lakhs)

Particulars	Due in 1 Year	1 Year - 3 Years	More than 3 Years	Total
As at 31st March,2018				
Investments	—	—	2181.53	2181.53
Loans	—	—	—	—
Cash & Cash Equv	102.03	—	—	102.03
Trade Receivables	365.38	—	—	365.38
Other Financial Assets	1004.04	654.74	—	1658.78
Total	**1471.45**	**654.74**	**2181.53**	**4307.72**
As at 31st March,2017				
Investments	—	—	1534.03	1534.03
Loans	—	—	—	—
Cash & Cash Equv	192.56	—	—	192.56
Trade Receivables	699.42	34.30	—	733.72
Other Financial Assets	592.86	608.75	—	1201.61
Total	**1484.84**	**643.05**	**1534.03**	**3661.92**

33. Disclosures Regarding Employee Benefits

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

Defined Contribution Plan

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

(Amount ₹ in Lakhs)

Partculars	2017-18	2016-17
Employers contribution to provident fund	58.93	36.73

(i) Defined Contribution Plan: Employee benefits in the form of Provident Fund are considered as defined contribution plan and the contributions to Employees Provident Fund Organization established under The Employees Provident Fund and Miscellaneous Provisions Act 1952 and Employees State Insurance Act, 1948, respectively, are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligation and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.

As the Company has not funded its liability, it has nothing to disclose regarding plan assets and its reconciliation.

(iii) Major risk to the plan

I have outlined the following risks associated with the plan:

A. Actuarial Risk:

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

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an

increase in Obligation at a rate that is higher than expected.

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

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

B. Investment Risk:

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

C. Liquidity Risk:

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

D. Market Risk:

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

E. Legislative Risk:

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

(iv) **Defined Benefit Cost** **(Amount ₹ in Lakhs)**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Current Service Cost	30.46	27.91
Interest Expense on Defined Benefit Obligation (DBO)		
Defined Benefit Cost included in Profit and Loss	-	-
Remeasurements - Due to Financial Assumptions	-1.40	7.25
Remeasurements - Due to Experience Assumptions	-	
Remeasurements - Due to Experience Adjustments	-19.05	-14.39
Return on plan assets excluding amounts included in interest income		
Defined Benefit Cost included in Other Comprehensive Income	(20.45)	(7.14)
Total Defined Benefit Cost in Profit and Loss and OCI	10.01	20.77

(v) **Movement in Defined benefit liability:** **(Amount ₹ in Lakhs)**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Opening Defined Benefit Obligation	171.06	153.07
Interest Expense on Defined Benefit Obligation (DBO)	10.64	10.67
Current Service Cost	19.65	17.23
Total Remeasurements included in OCI		
Less: Benefits paid	11.46	2.77
Less: Contributions to plan assets	20.28	7.15
Closing benefit obligation	169.61	171.05
Current Liabilities of Closing benefit obligation	48.28	44.36
Non-Current Liabilities of Closing benefit obligation	121.33	126.69

(vi) **Sensitivity Analysis of Defined Benefit Obligation:** **(Amount ₹ in Lakhs)**

	2017-18	2017-18
(A) Discount rate Sensitivity		
Increase by 0.5%	165.12	166.11
(% change)	-2.65%	-2.90%
Decrease by 0.5%	174.38	176.00
(% change)	2.81%	2.89%
(B) Salary growth rate Sensitivity		
Increase by 0.5%	174.37	175.94
(% change)	2.80%	2.86%
Decrease by 0.5%	165.09	166.12
(% change)	-2.67%	-2.89%
(C) Withdrawal rate (W.R.) Sensitivity		
W.R. x 110%	169.45	170.87
(% change)	-0.10%	-0.11%
W.R. x 90%	169.78	170.93
(% change)	0.10%	-0.07%

(vii) **Actuarial assumptions:**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Mortality Table : Indian Assured Lives Mortality (2006-08) Table		
Discount Rate (per annum)	7.30%	7.15%
Salary Growth Rate (per annum)	7.00%	7.00%
Withdrawal rate	15% at younger ages reducing to 3% at older ages	15% at younger ages reducing to 3% at older ages

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

34. The Company has not provided for foreign exchange loss in the financialresults on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of theForeign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March31, 2018, which constitutes a departure from the Indian Accounting Standard- 21. "The Effects of Changes in Foreign Exchange Rates which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23. 2011 to March, 2018.However, the company has not provided for foreign exchange fluctuation on the above FCCB since September 2011 and accordingly the total net loss on foreign exchange works out to ₹ 2405.23 lakhs which has not been provided by the company.

35. For the yearending on 31st March,2018, the company has discontinued to make the provision of interest on loans from banks and financial institutions (excluding loans assigned to various ARCs) amounting to ₹ 1305.63 lakhs.

36. The Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of lnd AS 109 'Financial Instruments and hence, the effect of the same, if any, on the financial results is not identifiable.

37. The Company has not evaluated the provisioning requirementof a loss allowance on its financial assets so as to give impact of impairment if any as per the expected credit loss method as per the requirement of lnd AS 109 'Financial Instruments' and hence, the effect of the same if any on the Financial Results is not identifiable.

38. RELATED PARTY DISCLOSURES

i) Concern where significant interest exists

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

(REALTED PARTIES HAVE BEEN IDENTIFIED BY THE MANAGEMENT)

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director & CFO
4	Mr. Yashpal Mehta (till 30.6.2017)	Vice President & CFO
5	Mr. Vinod Shah	Company Secretary

iii) Disclosure of Related Party Transactions

(Amount ₹ In Lakhs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2017-18	2016-17	2017-18	2016-17
1	Purchase of goods & Services	17,169.55	13,065.22		
2	Purchase of Power	3,932.74	3,986.41		
3	Sales of Goods	5,176.46	209.03		
4	Manpower Charges Recovered	0.00	100.00		
5	Rent paid	9.60	9.60		
6	Interest Paid	4.56	18.87		
7	Loan Availed	425.00	475.00		
8	Loan Repaid	475.00	451.00		
9	Remuneration			42.36	47.28

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

					Balance outstanding as at	
Sr.No.	Description	Related Parties	2017-18	2016-17	31/03/2018	31/03/2017
1	Purchase of Goods & Services	SAL Steel Ltd	17,168.90	(13,065.07)	2,560.86	(4,883.71)
		SAL Pharmacy	0.14	(0.16)	8.82	(8.68)
		SAL Hospital & Medical Institute	0.51	0.00	45.38	(27.15)
2	Purchase of power	SAL Steel Ltd	3,932.74	(3,986.41)	0.00	0.00
3	Sales of goods & Services	SAL Steel Ltd	5,176.32	(207.47)	0.00	0.00
		SAL Hospital & Medical Institute	0.14	(1.56)	0.59	(1.56)
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	0.00	(47.60)	0.00	0.00

		SAL Institute of Pharmacy	0.00	(8.40)	0.00	0.00
		SAL Institute of Management	0.00	(8.40)	0.00	0.00
		SAL College of Engineering	0.00	(35.60)	0.00	0.00
5	Rent paid	SAL Steel Ltd	9.60	(9.60)	0.00	0.00
6	Interest Paid	SAL Hospital & Medical Institute	4.56	(5.83)	0.00	(5.25)
		SAL Care Pvt Ltd.	0.00	(12.56)	0.00	(11.30)
		SAL Corporation Pvt. Ltd.	0.00	(0.48)	0.00	(0.43)
7	Remuneration to Key Management Personnel	Mr. K S Kamath	12.92	(12.92)	0.00	0.00
		Mr. Ashok Sharma	12.00	(12.00)	0.00	0.00
		Mr. Yashpal Mehta	2.44	(9.76)	0.00	0.00
		Mr. Vinod Shah	15.00	(12.60)	0.00	0.00
8	Loan Availed	SAL Hospital & Medical Institute	425.00	(475.00)	0.00	(50.00)
		Mr. Rajendra V Shah	0.00	0.00	367.73	(367.73)
9	Loan Repaid	SAL Corporation Pvt. Ltd.	0.00	(26.00)	0.00	0.00
		SAL Hospital & Medical Institute	475.00	(425.00)	0.00	0.00

39. During the year under review, the Company has received Refund of Electricity Duty from Uttar Gujarat Vij Company limited (UGVCL) vide their letter dated 27th November, 2017 amounting to ₹ 2874 lakhs for the period from February 2008 to December 2016 and the same is shown under the Head "Exceptional Items" in the standalone financial statements for the year ending on 31st March, 2018.

40. The Company has entered in to settlement agreement with effect from 19th Januray 2018, for the entire dues in respect of various facilities and assistance provided by Karur Vysya Bank and IDBI Bank which is now assigned to Asset Reconstruction Company (India) Ltd. Further settlement agreement entered in to by the company on 23rd February, 2018, for the entire dues in respect of various facilities and assistance provided by Bank of Maharashtra and Punjab National Bank which is now assigned to Invent Assets Securitization & Reconstruction Pvt. Ltd.The company has accounted for the Waiver of Principal portion of Loan facilities under Capital Reserve Account and Waiver of Interest portion (as per books of the company) as Income in the statement of Profit and loss.The said agreements provide for the settlement of entire dues in respect of financial assistance and facilities with the underlying Securities for the payment of ₹ 6600 lakhs towards full and final settlement against the total liability (Principal and Interest as per the books of the company) of ₹ 28090 lakhs resulting in to the waiver of liability (Principal and Interest) amounting to₹ 21490 lakhs. Out of the said waiver of liability (Principal and Interest) of ₹ 21490 lakhs,the waiver of Principal portion of ₹ 10923 lakhs has been accounted under capital reserve account in the Statement of Assets and Liabiities as at 31st March 2018 and waiver of Interest Liability of ₹ 10567 lakhs has been shown as income in the Statement of Profit and loss and has been reflected as an Exceptional Item in the Statement of Profit and loss for the year ended on 31st March 2018.

41. The balance confirmation from the suppliers, customers as well as to various loans or advances given have been called for, but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables as well as loans and advances have been taken as per the books of accounts submitted by the company and are subject to confirmation from the respective parties.

42. The Company's current liabilities exceeded its current assets as at the previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, considering the profit earned by the company for the year ended on 31st March 2018 and considering the view of the management, the financial results of the Company have been prepared on a "going concern basis".

43. The Provision for taxation particularly provision for tax liability u/s 115JB (2)(vii) of Income Tax Act, 1961 has been considered after taking into account the fact that the company was registered and declared "SICK" by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) and accordingly the same has been computed and reflected in the books of accounts.

44. Foreign currency exposure at the year end not hedged by derivative instruments :

(Amount ₹ in Lakhs)

Particulars	As At March 31, 2018	As At March 31, 2017
Advance Payment to Suppliers		
Rupees in Lakhs	288.55	117.52
US Dollar in Lakhs	4.44	1.81
FCCB Payable (Including Interest)		
Rupees in Lakhs	7237.88	7237.88
US Dollar in Lakhs	148.25	148.25

45. Contingent liabilities :

(1) Claims against the Company not acknowledged as debts

Particulars		
1.	Disputed Income Tax Liability matter under Appeal	₹ Nil (P.Y 1.30 Lakhs)
2.	Disputed Excise, Service Tax Demand Matter Under Appeal	₹ 2122.84 Lakhs (P.Y.₹ 2278.11 Lakhs)
3.	Disputed VAT Liability matter under Appeal	381.28 Lakhs (P.Y 388.27 Lakhs)
4.	Claim against the company not acknowledged as debt – Claim by parties	₹ 26505.88 Lakhs (P.Y 27890.97 Lakhs)
	Bank / Financial Institutions	₹82486.23 Lakhs (P Y ₹ 72938.37 Lakhs)

Note:

(a) It is not practicable for the company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/ authorities.

(b) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(2) Corporate Guarantee given to consortium Bank for SAL Steel Ltd. ₹ 20750.00 Lakhs (P.Y. ₹ 20750.00 Lakhs)

46. Certain Balance of Debtors, Creditors, Loans & Advances for Capital expenditures are non- moving / sticky. However in view of the management, the same is recoverable / payable. Hence no provision for the same is made in the books of accounts.

47. 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.

48. Inventories are as taken, valued and certified by the management.

49. *The Company has long term investment in the shares of SAL Steel Limited amounting to ₹ 3,994.96 Lakhs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2018, the Company hasaccumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited alsoindicates that the Company has and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. Also there is nomajor movement in the prices of stock in share market. All such circumstances indicate that there isdecline, other than temporary, in the value of a long term investment. And as a result, we have accounted forinvestment in shares of SAL Steel Ltd at market rate of shares @ ₹ 7.21 per share reducing the value of investment to₹ 2181.53 Lakhs and provided for ₹ 1813.43 Lakhs as diminution other than temporary in the value of investment in books of accounts.*

50. *The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made. However, on prima facie scrutiny, no interest has been paid to suppliers.*

51. (₹ In Lakhs)

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

Particulars	2017-18	2016-17
Raw Materials	3678.53	4747.58
Stores & Spares	54.06	30.30

b) Expenditure in foreign currency during the financial year

(₹ In Lakhs)

Particulars	2017-18	2016-17
Conference & Membership Fees	2.85	0.00

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

Particulars	2017-18		2016-17	
	Amount (in Lakhs ₹)	% of consumption	Amount (in Lakhs₹)	% of consumption
Raw Material-Manufacturing Activity				
Imported	4149.58	13.29%	5794.24	27.25%
Indigenous	27072.99	86.71%	15470.00	72.75%
Total	**31222.57**	**100.00%**	**21264.24**	**100.00%**
Stores & Spares				
Imported	58.33	1.24%	34.44	0.97%
Indigenous	4638.66	98.76%	3529.77	99.03%
Total	**4696.99**	**100.00%**	**3564.21**	**100.00%**

d) Earning in Foreign Exchange: (₹ In Lakhs)

Particulars	2017-18	2016-17
FOB Value of exports	50.88	0

52. 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.

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

(Amount ₹ in Lakhs)

SN	Particulars	Note No.	As at 31st March, 2017 (End of last period presented as per IGAAP)			As at 1st April, 2016 (Date of Transition)		
			As per IGAAP*	Adjustment on transition to Ind AS	As per IndAS	As per IGAAP*	Adjustments on transition to Ind AS	As per IndAS
	ASSETS							
	Non- current Assets							
	Property, Plant and Equipment	2	14,316.58	0.00	14,316.58	15,694.42	0.00	15,694.42
	Capital work-in-progress		900.50	-	900.50	900.50	-	900.50
	Financial Assets							
	(i) Investments	3	1,534.03	(0.00)	1,534.03	874.42	0.01	874.43
	(ii) Trade receivables	4	-	34.30	34.30	-	20.20	20.20
	(iii) Loans	5	-	-	-	-	-	-
	Deferred tax Assets (net)	6	33,804.43	(0.00)	33,804.43	34,815.71	(0.00)	34,815.71
	Other non-current assets	7	227.02	381.73	608.75	227.02	314.95	541.97
	Current assets							
	Inventories	8	11,675.24	(0.00)	11,675.24	8,243.23	0.01	8,243.24
	Financial Assets							
	(i) Trade receivables	9	733.72	(34.30)	699.42	993.54	(20.21)	973.33
	(ii) Cash and cash equivalents	10	192.56	(0.00)	192.56	305.41	0.00	305.41
	Other current assets	11	974.59	(381.73)	592.86	1,460.85	(314.95)	1,145.90
	Total Assets		**64,358.67**		**64,358.67**	**63,515.10**		**63,515.11**
	EQUITY AND LIABILITIES							
	EQUITY							
	(a) Equity Share capital	12	1,979.75	0.00	1,979.75	1,979.75	0.00	1,979.75
	(b) Other Equity	Equity Reco	(27,968.82)	0.02	(27,968.80)	(39,092.67)	(81.27)	(39,173.94)
	LIABILITIES							
	Non-current liabilities							
	Financial Liabilities							
	(i) Borrowings	14	22,397.44	(0.00)	22,397.44	23,980.07	(0.00)	23,980.07
	(ii) Trade Payable	15		2,138.32	2,138.32		2,051.42	2,051.42
	Provisions	16	126.69	0.00	126.69	117.06	0.01	117.07
	Non-current liabilities	17		99.32	99.32		49.38	49.38
	Other non-current liabilities	18	35.00	-	35.00	35.00	-	35.00
	Current liabilities							
	Financial Liabilities							
	(i) Borrowings	19	7,177.91	0.00	7,177.91	13,087.49	(0.00)	13,087.49
	(ii) Trade payables	20						
	Total outstanding dues of micro enterprises and small enterprises			-				
	Total outstanding dues of creditors other than micro enterprises and small enterprises		10,091.98	(2,138.33)	7,953.65	7,316.24	(1,970.15)	5,346.09
	(iii) Other financial liabilities	21	48,344.69	0.00	48,344.69	54,266.03	0.01	54,266.04
	Other current liabilities	22	1,696.64	(99.33)	1,597.31	1,375.48	(49.39)	1,326.09
	Provisions	23	477.39	0.00	477.39	450.65	(0.00)	450.65
	Total Equity and Liabilities		**64,358.67**		**64,358.67**	**63,515.10**		**63,515.11**

A) EQUITY SHARE CAPITAL

Particulars	(Amount ₹ In Lakhs)
For the year ended 31st March, 2018	
Balance as at 1st April 2017	1,979.75
Changes in equity share capital during the year	0
Issued during the year	0
Balance as at 31st March 2018	1,979.75
For the year ended 31st March, 2017	
Balance as at 1st April 2016	1,979.75
Changes in equity share capital during the year -	0
Balance as at 31st March 2017	1,979.75

B) OTHER EQUITY **(Amount ₹ In Lakhs)**

Reconciliation of Other Equity as at 1st April 2016

	Particulars	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income	Total
	Balance at the beginning of the reporting period	-	502.61	6,000.00	(79,428.59)	-	(72,925.98)
	Adjustments as per Ind AS	-	-	-	(81.27)		(81.27)
	Profit for the year	21,394.43	-	-	12,438.88	-	33,833.30
	Balance at the end of the reporting period	**21,394.43**	**502.61**	**6,000.00**	**(67,070.98)**	**-**	**(39,173.94)**

Reconciliation of Other Equity as at 31st March 2017 **(Amount ₹ In Lakhs)**

	Particulars	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income	Total
	Balance at the beginning of the reporting period	21,394.43	502.61	6,000.00	(62,944.57)	-	(35,047.53)
	Dividend on Equity Shares	-	-	-	-	-	-
	Tax on Dividend	-	-	-	-	-	-
	Adjustments as per Ind AS	-	-	-	(4,126.41)	9.62	(4,116.79)
	Profit for the year	6,888.30	-	-	4,307.22	-	11,195.52
	Balance at the end of the reporting period	**28,282.73**	**502.61**	**6,000.00**	**(62,763.76)**	**9.62**	**(27,968.81)**

Notes to first time adoption

a Property Plant and Equipment

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

b Re-Classification

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

c Prior Period Items

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

d Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale

of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of statement of profit and loss as part of expenses

e Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

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

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

53-A TAX RECONCLIATION

Income taxes recognised in Statement of Profit and Loss

(Amount ₹ In Lakhs)

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Current tax		
In respect of the current year	-	-
(Excess)/Short provision for tax of earlier years	-	-
Deferred tax(credit) /Charged		
	8,504.20	1,013.75
Total income tax expense recognised in respect of continuing operations	**8,504.20**	**1,013.75**

Tax reconciliation

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

(Amount ₹ In Lakhs)

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Profit before taxes	-	-
Enacted tax rate in India	34.940%	34.610%
Expected income tax benefit/(expense) at statutory tax rate	-	-
Effect of: -		
Deferred tax(credit) /Charged	8,504.20	1,013.75
Income taxes recognised in the Statement of Profit and Loss	**8,504.20**	**1,013.75**

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% and (Cess @ 3% for 2016-17 andCess 4 % for 2017-18) payable by corporate entities in India on taxable profits under the Indian tax laws.

Income tax recognised in other comprehensive income **(Amount ₹ in Lakhs)**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	7.15	2.48
Total income tax recognised in other comprehensive income	**7.15**	**2.48**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to Statement of Profit and Loss	**7.15**	**2.48**
Income tax recognised in other comprehensive income	**7.15**	**2.48**

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

Components of deferred tax assets and liabilities (Amount ₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Deferred tax assets		
Unabsorbed loss	19,204.10	28,101.12
Disallowances of employee benefits u/s. 43B of the Income Tax	4,474.10	8,341.26
	23,678.20	**36,442.38**
(b) Deferred tax liabilities		
Diff. between book and tax depreciation	2,497.26	2,637.95
	2,497.26	**2,637.95**
Deferred Tax Assets (Net)	**21,180.94**	**33,804.43**

54. RECONCILAITON OF PROFIT AND LOSS (Amount ₹ in Lakhs)

RECONCILIATION OF PROFIT AND LOSS ACCOUNT	
NET PROFIT FOR THE YEAR ENDED 31.3.2017 AS PER GAAP	4235.56
ADJUSTMENTS AS PER IND AS	
Positive Adjustments	
Prior period expenditure	81.28
Excise Duty	3759.10
Reclassification of Acturial Loss on Defined benefit	7.14
plans to Other Comprehensive income	
Deffered Tax impact of INDAS	2.48
Negative adjustments	
Excise Duty	3759.10
Reclassification of Acturial Loss on Defined benefit	7.14
plans to Other Comprehensive income	
Deffered Tax impact of INDAS	2.48
NET PROFIT FOR THE YEAR ENDED 31.3.2017 AS PER IND AS	**4,316.84**

Signatures to Notes - 1 to 54.

Notes referred to herein above form an integral part of the Financial Statements.
As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah	Chairman
Ashok Sharma	Whole Time Director & CFO
K. S. Kamath	Jt. Managing Director

Place : Santej
Date : 30th May 2018

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated Ind As financial statements of **Shah Alloys Limited** (hereinafter referred to as " the Holding Company") and its associates (the Holding Company and its associates together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.(herein after referred to as "the consolidated financial statements")

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors referred to in the 'Emphasis of Matter' & 'Other Matter' paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis of Qualified Opinion

1. **The Holding Company has not provided for foreign exchange loss in the financial results on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2018, which constitutes a departure from the Indian Accounting Standard- 21. "The Effects of Changes in Foreign Exchange Rates which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23. 2011 to March, 2018. Had the Holding Company followed the Accounting Standard and made the provision for foreign exchange on the above FCCB for the Year ending on 31st March,2018, then the profit of the Holding Company for the Year ending on 31st March,2018 would have been lower by ₹ 30.46 lakhs and to that extent the liability would have been higher. However, the Holding Company has not provided for foreign exchange fluctuation on the above FCCB since September 2011 and accordingly the total net loss on foreign exchange works out to ₹ 2405.23 lakhs which has not been provided by the Holding Company. Thus, balance of Reserve and surplus and the current liabilities have been understated by ₹ 2405.23 lakhs as on 31st March,2018. (Refer Note No 34 of Notes forming part of Consolidated IND AS Financial Statements)**

2. **For the year ending on 31st March,2018, the Holding Company has discontinued to make the provision of interest on loans from banks and financial institutions (excluding loans assigned to various ARCs). Had the Holding Company continued the said practice of making provision of interest on loans from banks and financial institutions for the year ended on 31st March 2018 the profit of the year would have been lower by ₹ 1305.63 lakhs and current liabilities would have been higher to that extent. (Refer Note No 35 of Notes forming part of Consolidated IND AS Financial Statements)**
3. **The Holding Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of lnd AS 109 'Financial Instruments and hence, the effect of the same, if any, on the financial results is not identifiable therefore, we are unable to comment upon its impact on the Financial results for the year ended March 31, 2018. (Refer Note No 36 of Notes forming part of Consolidated IND AS Financial Statements)**
4. **The Holding Company has not evaluated the provisioning requirement of a loss allowance on its financial assets so as to give impact of impairment if any as per the expected credit loss method as per the requirement of lnd AS 109 'Financial Instruments' and hence, the effect of the same if any on the Financial Results is not identifiable therefore. We are unable to comment upon its impact on the financial results for the year ended March 31, 2018(Refer Note No 37 of Notes forming part of Consolidated IND AS Financial Statements)**
5. **Management of the Associate Company is of the view that they do not anticipate execution of its ongoing capital projects. However, the Associate Company has not made adequate provision towards recovery of advances for the said capital projects for the amount of ₹912.32 lakhs- 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 consolidated financial results is currently not ascertainable. Therefore, we are unable to comment on its consequential financial impact, if any, on the Consolidated financial statements. (Refer Note No 38 of Notes forming part of Consolidated IND AS Financial Statements)**
6. **The Associate Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of lnd AS 109 'Financial Instruments and hence, the effect of the same, if any, on the financial results is not identifiable therefore, we are unable to comment upon its impact on the Consolidated Financial statements for the year ended March 31, 2018. (Refer Note No 39 of Notes forming part of Consolidated INDAS 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 possible effects of the matter described in the Basis for Qualified Opinion paragraph the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and its consolidated total comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

OTHER MATTER

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

Our opinion is not modified in respect of these matters.

Emphasis of Matters

1. **Note 41 to the Consolidated IND AS financial statements which states the holding Companies current liabilities exceeded its current assets as at the previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the holding Company's ability to continue as a going concern. However, considering the profit earned by the holding company for the year ended on 31st March 2018 and considering the view of the management , the financial results of the holding Company have been prepared on a "going concern basis".**
2. **During the year under review, the holding Company has received Refund of Electricity Duty from Uttar Gujarat Vij Company limited (UGVL) vide their letter dated 27th Novemeber, 2017 amounting to ₹ 2874 lakhs for the period from February 2008 to December 2016 and the same is shown under the Head "Exceptional Items" in the Consolidated financial statements for the Year ending on 31st March, 2018. (Refer Note No 49 of Notes forming part of Consolidated IND AS Financial Statements)**
3. **Attention is invited to Note 42 of the Consolidated Financial Statements which states that the balance confirmation from the suppliers, customers as well as to various loans or advances given have been called for, in case of Holding Company and Associate Company but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables as well as loans and advances of Holding Company & Associate Company have been taken as per the books of accounts submitted by the companiesand are subject to confirmation from the respective parties.**
4. **Note no 43 to the Consolidated Financial statements about the settlement agreement entered in to by the Holding company with effect from 19th Januray 2018, for the entire dues in respect of various facilities and assistance provided by Karur Vysya Bank and IDBI Bank which is now assigned to Asset Reconstruction Company (India) Ltd. Further settlement agreement entered**

in to by the Holding company on 23rd February 2018 for the entire dues in respect of various facilities and assistance provided by Bank of Maharashtra and Punjab National Bank which is now assigned to Invent Assets Securitization & Reconstruction Pvt. Ltd.The Holding company has accounted for the Waiver of Principal portion of Loan facilities under Capital Reserve account and Waiver of Interest portion (as per books of the Holding company) as Income in the statement of Profit and loss.The said agreements provide for the settlement of entire dues in respect of financial assistance and facilities with the underlying Securities for the payment of ₹ 6600 lakhs towards full and final settlement against the total liability (Principal and Interest as per the books of the Holding company) of ₹ 28090 lakhs resulting in to the waiver of liability (Principal and Interest) of ₹ 21490 lakhs. Out of the said waiver of liability (Principal and Interest) of ₹ 21490 lakhs,the waiver of Principal portion of ₹ 10923 lakhs has been accounted under capital reserve account in the Consolidated Statement of Assets and Liabiities as at 31st March 2018 and waiver of Interest Liability of ₹ 10567 lakhs has been shown as income in the Consolidated Statement of Profit and loss and has been reflected as an Exceptional Item in the Consolidated Statement of Profit and loss for the year ended on 31st March 2018.

5. **Note 44 to the Consolidated financial statements which states that the Associate Company's current liabilities exceeded its current assets as at the previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Associate Company's ability to continue as a going concern. However, considering the profit earned by the Associate company for the year ended on 31st March 2018 and considering the view of the management the financial results of the Associate Company have been prepared on a going concern basis.**
6. **Note 45 to the Consolidated financial statements which describes about the Non disclosure of Reportable Segments as required under Indian Accounting Standard – 108 'Operating Segments' by the Associate Company. As IND AS 108 Operating Segments mandates the disclosure requirements there is no impact on the Consolidated financial results due to non disclosure.**
7. **Note no 46 to the Consolidated Financial statements about the settlement agreement entered in to by the Associate company with effect from 22nd February 2018 for the entire dues in respect of various facilities and assistance provided by Union bank of India,State Bank of Saurashtra, State Bank of India and State Bank of Hyderabad which is now assigned to Invent Assets Securitization & Reconstruction Pvt. Ltd. The Associate company has accounted for the Waiver of Interest portion (as per the books of the associate company) as Income in the statement of Profit and loss.The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying Securities for the payment of ₹ 18051.50 lakhs towards full and final settlement against the total liability (Principal and Interest) of ₹ 24430 lakhs resulting in to the waiver of liability (Principal and Interest as per the books of the associate company) for the amount of ₹ 6378.26 lakhs.**
8. **Refer Note 47 to the notes forming part of Consolidated financial statements which mentions about the Order of Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench dated 6th Sep 2017 [C P (IB) no. 94/9/NCLT/AHM/2017] which had admitted the Associate company under Corporate Insolvency Resolution Process (CIRP) under section 9(5)(i) of the Insolvency and Bankruptcy Code, 2016 and accordingly appointed Interim Resolution Professional (IRP).However, on the basis of the records produced before us, and as explained to us,the promoters of the Associate company have entered in to a settlement with operational creditor who had filed application before Hon'ble NCLT,Ahmedabad and obtained no objection from other operational creditors as well as financial creditors and moved a petition under Article 142 of the Constitution of India before the Hon'ble Supreme Court of India, New Delhi. As per the order dated 1st January 2018 of the Hon'ble Supreme court of India, the order passed by the Hon'ble NCLT, Ahmedabad dated 6th September,2017 has been set aside and accordingly the CIRP proceedings have been effectively discontinued and powers of the Board of Directors of the Associate Company have been reinstated.**
9. **Attention in invited to Note No 48 of the Consolidated financial statements which states about the Provision for taxation particularly provision for tax liability u/s 115JB (2)(vii) of Income Tax Act, 1961 has been considered after taking into account the fact that the Holding company was registered and declared "SICK" by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) and accordingly the same has been computed and reflected in the books of accounts of the Holding Company. (Refer Note No 48 of Notes forming part of Consolidated INDAS Financial Statements)**

Our opinion is not qualified on the above matters.

Other Matter

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
   (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) The matter described under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the group.

(e) in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(f) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors of the Company none of the directors of the Group Companies, incorporated in India, is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164(2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in "Annexure A" ,which is based on the Auditors report of the company & its assiciate company incorporated In India.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended , in our opinion and to the best of our information and according to the explanations given to us:

i. The Group has disclosed the impact of pending litigations on the consolidated financial position of the Group– Refer -Note No 51 to the consolidated financial statements in its consolidated financial statements as of March 31, 2018.

ii. The Group did not have any material foreseeable losses on long term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the holding Company and its associates incorporated in India.

For Parikh & Majmudar
Chartered Accountants
FR No. 107525W

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

Place: Ahmedabad
Date: 30/05/2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHAH ALLOYS LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s SHAH ALLOYS LIMITED** ("the Company") and its associate company incorporated in India as at 31 March 2018 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its associate company incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company and its associate company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information & according to the explanations given to us, the Holding Company and its associate company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the internal control over financial reporting criteria established by the Holding Company and its associate company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Parikh & Majmudar
Chartered Accountants
FR No. 107525W

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

Place: Ahmedabad
Date : 30/05/2018

Consoldiated Balance Sheet as at March 31, 2018

(Amount ₹ in Lakhs)

	Note No	As At 31st March 2018	As At 31st March 2017	As At 31st March 2016
ASSETS				
1) Non-current assets				
a) Property, Plant and Equipment	2	13056.63	14316.58	15694.42
b) Capital work-in-progress	2	900.50	900.50	900.50
c) Financial Assets				
(i) Investments	3	0.00	0.00	0.00
(ii) Trade receivables	4	0.00	34.30	20.20
(iii) Loans	5	0.00	0.00	0.00
d) Deferred tax Assets (net)	6	21180.94	33804.43	34815.71
e) Other non-current assets	7	654.74	608.75	541.97
2) Current assets				
a) Inventories	8	8442.64	11675.24	8243.24
b) Financial Assets				
(i) Trade receivables	9	365.38	699.42	973.33
(ii) Cash and cash equivalents	10	102.03	192.56	305.41
c) Other current assets	11	1004.04	592.86	1145.90
TOTAL ASSETS		**45706.90**	**62824.64**	**62640.68**
EQUITY & LIABILITIES :				
EQUITY:				
a) Equity Share capital	12	1979.75	1979.75	1979.75
b) Other Equity	13	-19316.36	-29502.83	-40048.37
LIABILITIES :				
1) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	23821.05	22397.44	23980.07
(ii) Trade payables	15	1708.82	2138.32	2051.42
(b) Provisions 16		121.34	126.69	117.07
(c) Non-current liabilities	17	77.85	99.32	49.38
(d) Other non-current liabilities	18	0.00	35.00	35.00
2) Current liabilities				
(a) Borrowings	19	0.00	7177.91	13087.49
(b) Trade payables	20	5027.20	7953.65	5346.09
(c) Other financial liabilities	21	30977.99	48344.69	54266.04
(d) Other current liabilities	22	779.44	1597.31	1326.09
(e) Provision for Employee Benefits	23	529.82	477.39	450.65
Total Equity and Liabilities		**45706.90**	**62824.64**	**62640.68**
The accompanying Notes 1 to 63 are integral part of these Consolidated Financial Statements.				

As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah Chairman
Ashok Sharma Whole Time Director & CFO
K. S. Kamath Jt. Managing Director

Place : Santej
Date : 30th May 2018

Consoldiated Statement of Profit and Loss for the Year ended 31st March 2018

(Amount ₹ in Lakhs)

		Note No	As At 31st March 2018	As At 31st March 2017
I	Revenue from Operations	24	56341.72	34897.21
II	Other Income	25	74.47	90.15
III	Total Income (I +II)		56416.19	34987.36
IV	**Expenses:**			
	Cost of Materials Consumed	26	31222.57	21264.24
	Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-progress	27	3348.80	-3572.08
	Excise duty	28	1229.95	3759.10
	Employee Benefits Expense	29	1803.70	1217.66
	Finance Costs	30	13.13	1433.35
	Depreciation and Amortization Expense		1364.30	1374.31
	Other Expenses	31	18807.99	12287.48
	Total Expenses (IV)		57790.44	37764.06
V	Profit before tax and Exceptional Item (III- IV)		-1374.25	-2776.70
VI	Share of Loss of Associate Concern		647.50	659.60
VII	Exceptional Item (Refer Note No 43,49 & 55)		14087.79	8097.67
VIII	Profit before tax (V-VI+VII)		12066.04	4661.37
IX	Tax expense :			
	(1) Current Tax		0.00	0.00
	(2) Deferred Tax		8504.20	1013.75
	Total Tax Expenses (IX)		8504.20	1013.75
X	Profit for the period (VIII -IX)		3561.84	3647.62
XI	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		0.00	0.00
	B (i) Items that will be reclassified to profit or loss		20.45	7.14
	(ii) Income tax relating to items that will be reclassified to profit or loss		7.15	2.48
	Total Other Comprehensive Income (XI)		27.60	9.62
XII	Total Comprehensive Income for the period (X + XI) (Comprising Profit and Other Comprehensive Income for the period)		3589.44	3657.24
XIII	Earnings per equity share (Face Value of ₹ 10/- each)			
	Basic & Diluted	31-A	17.99	18.42

The accompanying Notes 1 to 63 are integral part of these Consolidated Financial Statements.

As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah	Chairman
Ashok Sharma	Whole Time Director & CFO
K. S. Kamath	Jt. Managing Director

Place : Santej
Date : 30th May 2018

Consoldiated Cash Flow Statement for the year ended 31st March 2018

(Pursuant to the listing Regulation)

(Amount ₹ in Lakhs)

Particulars	2017-18		2016-17	
A CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit before Tax		12086.50		4668.52
Adjustments for :				
Depreciation	1364.30		1374.31	
Loss / (Profit) on Sale of Assets	0.00		(1.16)	
Interest expenses	13.13		1433.35	
Interest waiver (OTS)	(10567.00)		(6888.29)	
Interest Income	(15.13)		(39.57)	
		(9204.70)		(4121.36)
		2881.80		547.16
Operating Profit Before Working Capital Changes				
Adjustments for :				
Trade and other receivables	(42.83)		812.85	
Inventories	3232.60		(3432.00)	
Trade Payable and others (including non current liabilities)	(4183.22)		3051.96	
		(993.45)		432.81
Cash Generated From Operations		**1888.35**		979.97
Direct Taxes Paid		0.00		0.00
Net Cash from Operating Activities before Extra Ordinery Items		**1888.35**		**979.97**
Extra-ordinery Items				
Changes in non current assets	(45.98)		(66.78)	
Interest waiver income (OTS)	10567.00		6888.29	
Provision for diminution in value of long term investments	0.00		(0.00)	
		10521.02		6821.51
Net Cash from Operating Activities after Extra Ordinery Items(A)		**12409.37**		**7801.48**
B CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed assets	(104.35)		0.00	
Sale of Fixed Assets	0.00		4.70	
Interest Income	15.13		39.57	
		(89.22)		44.27
Net Cash from Investing Activities(B)		**(89.22)**		**44.27**
C CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Long Term and Short Term Borrowings (Net of Repayment)	(12397.55)		(6525.25)	
Interest Paid	(13.13)	(12410.68)	(1433.35)	(7958.60)
Net Cash from Financing Activities (C)		**(12410.68)**		**(7958.60)**
Net Increase in Cash and Equivalent. (A+B+C)		(90.53)		(112.85)
Cash And Cash Equivalents as at the Beginning of the year		192.56		305.41
Cash And Cash Equivalents as at the Close of the year		102.03		192.56

Consoldiated Cash Flow Statement for the year ended 31st March 2017 [Contd...]

(Amount ₹ in Lakhs)

Particulars	2017-18		2016-17	
Note:				
Cash & Bank balances:				
a) Balance with Banks :				
- In Current accounts		101.53		190.77
b) Cash on hand		0.50		1.79
Total		**102.03**		**192.56**

As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah Chairman
Ashok Sharma Whole Time Director & CFO
K. S. Kamath Jt. Managing Director

Place : Santej
Date : 30th May 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018:

A. DISCLOSURE OF ACCOUNTING POLICIES

1.1 CORPORATE INFORMATION

The Company is a Public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on National Stock Exchange and Bombay Stock Exchange. The Company is primarily engaged in manufacturing and sale of wide range of Stainless Steel, Alloy & Special Steel, Carbon / Mild Steel in Flat and Long Products. The Company presently has manufacturing facilities at Santej, District: Gandhinagar (Gujarat).

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT

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

These Consolidated Financial Statements are the first financial statements of the company under Ind AS - the transition date being1stApril 2016. The information as to how the company has adopted Ind AS and the impact thereof on Company's financial position, financial performance and cash flows is presented in notes to Consolidated financial statements.

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

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

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

1.3 Use of Estimates

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

1.4 PROPERTY, PLANT AND EQUIPMENT:

i) Property, Plant and Equipment are stated at original cost (net of tax/dutycreditavailed)less accumulated depreciation and impairment losses. Cost includes cost of acquisition, construction and installation, taxes, duties, freight, other incidental expenses related to the acquisition, and pre-operative expenses including attributable borrowing costs incurred during pre-operational period.

ii) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

iii) Assets which are not ready for their intended use on reporting date are carried as capital work-in-progress at cost, comprising direct cost and related incidental expenses.

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

v) Property, Plant and Equipment are depreciated and/or amortised on the basis of their useful lives as notified in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

vi) Depreciation in respect of additions to assets has been charged on pro rata basis with reference to the period when the assets are ready for use.

vii) An asset's carrying amount is written down immediately on discontinuation to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Profit/ Loss on Sale and Discard of Fixed Assets.

viii) Useful lives of the Property, Plant and Equipment as notified in Schedule II to the Companies Act, 2013 are as follows :

Buildings - 3 to 60 years

Plant and Equipments - 15 to 25 years

Furniture and Fixtures - 10 years

Vehicles - 8 to 10 years

Office Equipments - 5 to 10 years

ix) At each balance sheet date, the Company reviews the carrying amount of property, plant and equipment to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. The recoverable amount is higher of the net selling price and the value in use, determined by discounting the estimated future cash flows expected from the continuing use of the asset to their present value.

1.5 Revenue Recognition

i) Revenue comprises of all economic benefits that arise in the ordinary course of activities of the Company which result in increase in Equity, other than increases relating to contributions from equity participants. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

ii) Sale of Goods: Revenue from sales of goods is recognized on transfer of significant risks and rewards of ownership to the customers. Revenue shown in the Statement of Profit and Loss are inclusive of Excise Duty upto 30th June 2017 and the value of self-consumption, but excludes, returns, trade discounts, cash discounts, value added tax, central sales tax. Excise Duty expense has been disclosed in Statement of Profit and Loss as expenditure.

iii) Services: Revenue from Services are recognized as and when the services are rendered.

iv) Interest: Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

v) Export Benefits are accounted on accrual basis.

vi) Dividend income is recognized when right to receive is established.

1.6 EMPLOYEE BENEFITS:

i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

ii) Post Employment and Retirement benefits in the form of Gratuity are considered as defined benefit obligations and is provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.

iii) The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period on government bonds that have terms approximating to the terms of the related obligation.

iv) Employee benefits in the form of Provident Fund is considered as defined contribution plan and the contributions to Employees' Provident Fund Organization established under The Employees' Provident Fund and Miscellaneous Provisions Act 1952 is charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid.

1.7 Valuation of Inventories

i) The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. The costs of Raw Materials, Stores and spare parts etc., consumed consist of purchase price including duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure directly attributable to the procurement.

ii) Stock of Raw Materials are valued at cost and of those in transit and at port related to these items are valued at cost to date.Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Material and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

iii) Stock of Stores and spare parts are valued at cost; and of those in transit and at port related to these items are valued at cost.

iv) Goods-in-process is valued at lower of cost or net realisable value.

v) Stock of Finished goods is valued at lower of cost or net realisable value.

1.8 Cash flow statement

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

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

1.9 FINANCIAL ASSETS:

i) The Company classifies its financial assets as those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those to be measured at amortized cost.

ii) Trade receivables represent receivables for goods sold by the Company upto to the end of the financial year.The amounts are generally unsecured and are usually received as per the terms of payment agreed with the customers.The amounts are presented as current assets where receivable is due within12 months from the reportingdate.

iii) Trade receivables are impaired using the lifetime expected credit loss model under simplified approach. The Company uses a matrix to determine the impairment loss allowance based on its historically observed default rates over expected life of trade receivables and is adjusted for forward looking estimates. At every reporting date, the impairment loss allowance is determined and updated and the same is deducted from Trade Receivables with corresponding charge/ credit to Profit and Loss.

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

1.10 FINANCIAL LIABILITIES:

i) Borrowings are removed from balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

ii) Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

iii) Trade Payables represent liabilities for goods and services provided to the Company upto to the end of the financial year. The amounts are unsecured and are usually paid as per the terms of payment agreed with the vendors. The amounts are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially and subsequently measured at amortised cost.

iv) Financial assets and Financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.12 FAIR VALUE MEASUREMENT:

i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

ii) The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

iii) A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

iv) The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.13 FOREIGN CURRENCY TRANSACTIONS:

i) The Company's Consolidated financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency.

ii) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing

exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

iii) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated usingthe exchange rate at the date when the fair value is determined.

1.14 BORROWING COSTS:

i) Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds.

ii) General and specific borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use.

iii) All other borrowing costs are expensed in the period in which they are incurred.

1.15 ACCOUNTING FOR TAXES ON INCOME:

i) Tax expenses comprise of current tax and deferred tax including applicable surcharge and cess.

ii) Current Income tax is computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

iii) Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any un used tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profits against which the deductible temporary differences,and the carry forward un used tax credits and un used tax losses can be utilized.

iv) The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it is become probable that future taxable profits will allow the deferred taxasset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is setled,based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

v) Deferred tax is recognised in the statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income. As such, deferred tax is also recognised in other comprehensive income.

vi) Deferred Tax Assets and Deferred Tax Liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the Deferred Tax Assets and DeferredTax Liabilities relate to taxes on income levied by same governing taxation laws.

1.16 PROVISIONS,CONTINGENTLIABILITIES AND CONTINGENT ASSETS:

i) Provisions are made when (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate is made of the amount of the obligation.

ii) Contingent liabilities are not provided for but are disclosed by way of Notes on Accounts. Contingent liabilities is disclosed in case of a present obligation from past events (a) when it is not probable that an outflow of resources will be required to settle the obligation;(b)when no reliable estimate is possible;(c)unless the probability of outflow of resources is remote.

iii) Contingent assets are not accounted .

1.17 CURRENT AND NON-CURRENT CLASSIFICATION:

i) The Normal Operating Cycle for the Company has been assumed to be of twelve months for classification of its various assets and liabilities into "Current" and "Non-Current".

ii) The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

iii) An asset is current when it is (a) expected to be realized or intended to be sold or consumed in normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within twelve months after the reporting period; (d) Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

iv) An liability is current when (a) it is expected to be settled in normal operating cycle; (b) it is held primarily for the purpose of trading; (c) it is due to be discharged within twelve months after the reporting period; (d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

1.18 RELATED PARTY TRANSACTIONS:

i) A related party is a person or entity that is related to the reporting entity preparing its financial statements

(a) A person or a close member of that person's family is related to reporting entity if that person;

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity;or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies;

(i) the entity and the reporting entity are members of the same group (which means that each parent,subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;

(vi) The entity is controlled or jointly controlled by a person identified in(a);

(vii) A person identified in(a)

(i) Has significant influence over the entity or is a member of the key management personnel of the entity(or of a parent of the entity);

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

ii) A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

iii) Disclosure of related party transactions as required by the accounting standard is furnished in the Notes on Financial Statements.

1.19 EARNINGS PER SHARE:

i) Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

Notes forming part of the Financial Statements **Amount (₹ in Lakhs)**

Note 2 : PROPERTY, PLANT AND EQUIPMENT

Tangible Assets :

(Amount ₹ in lakhs)

Particulars	Freehold Land	Factory Building	Office Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
Cost of Assets									
As at 1st April 2016	422.82	2,276.72	326.92	51,672.69	49.17	391.06	210.23	197.24	55,546.84
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	70.69	0.00	0.00	70.69
As at 31st March 2017	**422.82**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**320.37**	**210.23**	**197.24**	**55,476.15**
Addition	104.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00	104.35
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2018	**527.17**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**320.37**	**210.23**	**197.24**	**55,580.50**
Depreciation									
As at 1st April 2016	0.00	1,017.56	43.56	38,000.21	46.71	371.50	199.72	173.18	39,852.42
Charge for the year 2017	0.00	68.87	5.16	1,293.61	0.00	0.01	0.00	6.66	1,374.31
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	-67.16	0.00	0.00	-67.16
As at 31st March 2017	**0.00**	**1,086.42**	**48.72**	**39,293.82**	**46.71**	**304.35**	**199.72**	**179.84**	**41,159.57**
Charge for the year 2018	0.00	68.85	5.16	1,284.09	0.00	0.00	0.00	6.21	1,364.30
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2018	**0.00**	**1,155.27**	**53.88**	**40,577.91**	**46.71**	**304.35**	**199.72**	**186.04**	**42,523.87**
Net Block									
As at 1st April 2016	**422.82**	**1,259.17**	**283.36**	**13,672.48**	**2.46**	**19.56**	**10.51**	**24.06**	**15,694.42**
As at 31st March 2017	**422.82**	**1,190.30**	**278.20**	**12,378.87**	**2.46**	**16.02**	**10.51**	**17.40**	**14,316.58**
As at 31st March 2018	**527.17**	**1,121.45**	**273.04**	**11,094.78**	**2.46**	**16.02**	**10.51**	**11.20**	**13,056.63**

Capital work-in-progess	31.03.2018	31.03.2017	01.04.2016
Plant & Machinery	900.50	900.50	900.50
Total	**900.50**	**900.50**	**900.50**

Notes:

1) Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.

2) Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.

Notes forming part of the Financial Statements

Amount (₹ in Lakhs)

Note 3 : INVESTMENTS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Trade Investments			
Quoted			
Investment in Equity instruments of Associate Company	3994.96	3994.96	3994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y : 3,02,56,989 Equity shares)			
Less : Provision for Diminution in value of Investment	1813.43	2460.93	3120.53
TOTAL	**2181.53**	**1534.03**	**874.43**
Less : Share of Loss of Associate	2181.53	1534.03	874.43
TOTAL	**0.00**	**0.00**	**0.00**
Aggregate amount of Quoted Investment and Market Value ₹ 2181.53 Lakhs as at 31st March 2018 (P.Y. ₹ 1534.03 Lakhs)			

Amount (₹ in Lakhs)

Note 4 : TRADE RECEIVABLES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Non-current Trade Receivable			
Unsecured, considered good	113.15	187.67	182.40
less : Provision for Doubtful Debts	113.15	153.37	162.20
TOTAL	**0.00**	**34.30**	**20.20**

Amount (₹ in Lakhs)

Note 5 : LOANS & ADVANCE :	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
- Loans & Advances Recoverbale in cash or in kind	0.00	0.00	0.00
TOTAL	**0.00**	**0.00**	**0.00**

Amount (₹ in Lakhs)

Note 6 : DEFERRED TAX ASSETS (NET)	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Deferred tax Assets (Net)	21180.94	33804.43	34815.71
TOTAL	**21180.94**	**33804.43**	**34815.71**
DEFERRED TAX ASSETS			
Unabsorbed Depreciation and Business Loss	19204.10	28101.12	27303.29
On account of disallowances under the Income tax act, 1961	4474.10	8341.26	10215.83
Gross deferred tax asset (A)	**23678.20**	**36442.38**	**37519.12**
Deferred tax liabilities			
Fixed Asset : Impact of difference between tax depreciation and depreciation charged for the financial reporting	2497.26	2637.95	2703.41
Gross deferred tax liability (B)	**2497.26**	**2637.95**	**2703.41**
Net Deferred tax (A-B)	**21180.94**	**33804.43**	**34815.71**

Amount (₹ in Lakhs)

Note 7 : OTHER NON-CURRENT ASSETS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Loans & Advance Recoverable in cash or in kind	94.51	94.92	93.70
(b) Security Deposit			
Unsecured, considered good	227.02	227.02	227.02
(c) Advances to Supplier			
Unsecured, considered good	198.10	213.82	148.50
(d) Advance Income Tax, TDS & TCS	22.02	28.74	17.68
(e) Balance with Govt. Authorities	113.09	44.25	55.07
Unsecured, considered good			
TOTAL	**654.74**	**608.75**	**541.97**

Amount (₹ in Lakhs)

Note 8 : INVENTORIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(Inventories are taken, valued and certified by the management)			
(a) Raw Materials	500.12	474.06	443.86
(b) Work in progress	2148.96	2202.63	834.44
(c) Finished goods	2203.85	5498.98	3295.09
(d) Stores and spares	3589.71	3499.57	3669.85
TOTAL	**8442.64**	**11675.24**	**8243.24**

Amount (₹ in Lakhs)

Note 9 : TRADE RECEIVABLES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(i) Outstanding for a period exceeding six months			
un Secured, considered good	0.00	0.00	76.98
(ii) Others			
un Secured, considered good	365.38	699.42	896.35
TOTAL	**365.38**	**699.42**	**973.33**
Trade Receivable include dues from Associate concerns:			
SAL Hospital & Medical Institute (A Div. of SAL Care Pvt Ltd.)	**0.59**	**1.56**	**0.00**

Amount (₹ in Lakhs)

Note 10 : CASH AND CASH EQUIVALENTS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Balances with Scheduled Banks			
On current Account	101.53	190.77	285.22
(b) Margine Money with Scheduled Banks	0.00	0.00	10.41
(c) Cash on hand	0.50	1.79	9.78
TOTAL	**102.03**	**192.56**	**305.41**

Amount (₹ in Lakhs)

Note 11 : OTHER CURRENT ASSETS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Balance with government authorities	463.41	388.18	672.28
Advance to Suppliers	291.36	139.00	379.49
Prepaid Expenses	171.98	9.17	29.07
Loans & Advance Recoverable in cash or in kind	77.29	56.51	65.06
	1004.04	**592.86**	**1145.90**

Amount (₹ in Lakhs)

Note 12 : SHARE CAPITAL	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Authorised :			
3,50,00,000 Equity Shares of ₹ 10/- each (Previous year : 3,50,00,000 Equity Shares of ₹ 10/- each)	3500.00	3500.00	3500.00
	3500.00	**3500.00**	**3500.00**
Issued & Subscribed and Paid up :			
1,97,97,540 Equity Shares of ₹ 10/- each fully paid up (Previous year : 1,97,97,540 Equity Shares of ₹10/- each fully paid up)	1979.75	1979.75	1979.75
TOTAL	**1979.75**	**1979.75**	**1979.75**

a) Reconciliation of Number of Shares:

Equity Shares:	As at 31st March, 2018		As at 31st March, 2017	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
Shares outstanding at the beginning of the year	1 97 97 540	1979.75	1 97 97 540	1979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	**1 97 97 540**	1979.75	**1 97 97 540**	1979.75

b) Rights, Preferences and restrictions attached to shares

Equity Shares

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

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

Name of the Shareholder	As at 31st March, 2018		As at 31st March, 2017	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta of HUF

Amount (₹ in Lakhs)

Note 13 : OTHER EQUITY	As At March 31, 2018		As At March 31, 2017		As At March 31, 2016	
Securities Premium Account						
Opening Balance	502.61		502.61		502.61	
Add : Addition during the year	0.00		0.00		0.00	
		502.61		502.61		502.61
Capital Reserve						
Opening Balance	28282.73		21394.43		0.00	
Add : Addition during the year	10723.45		6888.30		21394.43	
		39006.18		28282.73		21394.43
Debenture Redemption Reserve:						
Opening Balance	6000.00		6000.00		6000.00	
Add : Addition during the year	0.00		0.00		0.00	
		6000.00		6000.00		6000.00
Retained Earnings						
Balance Brought Forward From Previous Year	-68424.20		-63819.00		-79958.09	
Adjustment as per IND AS			-4126.41			
add Deferred tax adjustment due to indas	0.00		0.00		0.00	

Adjustment as per IND AS			0.00		-81.27	
	0.00		0.00			
	-68424.20		-67945.41		-80039.36	
Add : Profit/(Loss) for the year	3561.84	-64862.36	3647.62	-64297.79	12093.95	-67945.41
Other Comprehensive Income						
(a) Remeasurements of Defined Benefit Plans						
Balance as per last Financial year	-9.62		0.00		0.00	
Add: For the Year	-27.60		-9.62		0.00	
Closing Balance		-37.22		-9.62		0.00
TOTAL		**-19316.36**		**-29502.83**		**-40048.37**

Amount (₹ in Lakhs)

Note 14 : BORROWINGS	**As At March 31, 2018**		**As At March 31, 2017**		**As At March 31, 2016**	
(A) SECURED :						
I) Debentures						
- Non Convertible Debentures	187.50		1458.33		2708.33	
II) Term Loans						
a) From Banks	24.93		287.84		980.08	
b) From Financial Institutions	23240.89	23453.32	20169.54	21915.71	19759.93	23448.34
(B) UNSECURED:						
Inter Corporate Deposits						
From Others	0.00		114.00		164.00	
Loans & Advances from related parties						
- From Director	367.73	367.73	367.73	481.73	367.73	531.73
TOTAL		**23821.05**		**22397.44**		**23980.07**

(A) SECURED :

a) Nature of security and terms of repayment for secured borrowings

I) Non Convertible Debentures

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

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

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

Amount (₹ in Lakhs)

Financial Year	**Rate of Interest**	
	9%	**10%**
2019-20	20.83	16.67

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

Amount ₹ in Lakhs

Particulars	**Default in repayment of principal**	**Period of default (days)**	**Default in payment of interest**	**Period of default (days)**
2011-12	937.25	2190-2466	818.90	2190-2527
2012-13	1125.00	1825-2101	980.00	1825-2162
2013-14	1125.00	1460-1736	980.00	1460-1797
2014-15	1125.00	1095-1370	890.00	1095-1431
2015-16	1125.00	730-1005	892.44	730-1066
2016-17	1125.00	365-640	890.00	365-700
2017-18	1125.00	1-270		(*)
Total	**7687.25**		**5451.34**	

(*) Refer Note no 35 of Notes forming part of

II) Term Loan from Bank / Financial Institution: financial statements

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

Terms of repayment for term loans are as set out below : Amount ₹ in Lakhs

Particulars/ Financial Year	2019-20	2020-21	2021-22	2022-23	2023-24
Rupee term Loan from Bank	24.93	0.00	0.00	0.00	0.00
Term Loans from Financial Institution	7916.89	8216.50	5573.75	607.25	926.50
Total	**7941.82**	**8216.50**	**5573.75**	**607.25**	**926.50**

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

The company has made a default in repayment as follows:

Particulars	Period to which default relates	Default in repayment of principal	Period of default (days)	Default in payment of interest	Period of default (days)
Rupee Term Loan From Bank	2011-12	124.63	2190-2466	119.97	2190-2527
	2012-13	149.56	1825-2101	119.65	1825-2162
	2013-14	149.56	1460-1736	119.65	1460-1797
	2014-15	149.56	1095-1370	119.65	1095-1431
	2015-16	149.56	730-1005	119.65	730-1066
	2016-17	149.56	365-640	119.65	365-700
	2017-18	149.56	1-270	-	**(*)**
Rupee Term Loan From Financial lnstitutions	2011-12	66.96	2190-2466		
	2012-13	80.35	1825-2101	56.24	1825-2162
	2013-14	80.35	1460-1736	56.24	1460-1797
	2014-15	80.35	1095-1370	56.24	1095-1431
	2015-16	80.35	730-1005	56.40	730-1066
	2016-17	80.35	365-640	56.24	365-700
	2017-18	80.35	1-270	-	**(*)**
Funded Interest Term Loan	2010-11	235.71			2556-2800
	2011-12	247.10			2191-2435
	2012-13	247.10			1826-2070
	2013-14	150.36	1460-1551	247.10	1461-1704
	2014-15	300.71	1095-1186	247.10	1096-1339
	2015-16	300.71	730-821	247.10	730-1066
	2016-17	300.71	365-455	247.10	365-700
	2017-18	300.71	1-270	**-**	**(*)**
TOTAL		**2924.23**		**2717.87**	

(*) Refer Note No 35 of Notes forming part of Financial Statements

Amount (₹ in Lakhs)

Note 15 : TRADE PAYABLE	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Trade Payables	1708.82	2138.32	2051.42
TOTAL	**1708.82**	**2138.32**	**2051.42**

Amount (₹ in Lakhs)

Note 16 : LONG TERM PROVISIONS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Provision for Gratutiy	121.34	126.69	117.07
TOTAL	**121.34**	**126.69**	**117.07**

Amount (₹ in Lakhs)

Note 17 : NON-CURRENT LIABILITIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Advances from Customer	0.00	14.29	0.75
(a) Other Liabilities	77.85	85.03	48.63
TOTAL	**77.85**	**99.32**	**49.38**

Amount (₹ in Lakhs)

Note 18 : OTHER NON-CURRENT LIABILITIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Security Trade Deposits	0.00	35.00	35.00
TOTAL	**0.00**	**35.00**	**35.00**

Amount (₹ in Lakhs)

Note 19 : BORROWINGS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Secured			
- Cash Credit Facilities	0.00	7127.91	13061.49
Unsecured			
Inter Corporate Deposits			
From Related Parties	0.00	50.00	26.00
TOTAL	**0.00**	**7177.91**	**13087.49**

Amount (₹ in Lakhs)

Note 20 : TRADE PAYABLES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Total outstanding dues of micro enterprises and small enterprises	0.00	0.00	0.00
Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note No 50)	5027.20	7953.65	5346.09
TOTAL	**5027.20**	**7953.65**	**5346.09**
Trade Receivable include dues from Associate concerns:			
SAL Steel Limited	2560.86	4883.71	3210.29
SAL Hospital & Medical Institute (A Div. of SAL Care Pvt Ltd.)	45.38	27.15	27.15
SAL Pharmacy (A Div. of SAL Corporation P. Ltd)	8.82	8.68	8.52

Amount (₹ in Lakhs)

Note 21 : OTHER FINANCIAL LIABILITIES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
(a) Current maturities of long-term debt;	2442.76	4186.39	4833.06
(b) Interest accrued and due on borrowings;	10685.62	18397.24	22734.93
(c) Unpaid Matured Debentures	7687.50	7291.67	6041.67
(d) Unpaid Foreign Currency Convertible Bonds (FCCB)	7237.88	7237.88	7237.88
(e) Other Payables to Banks & Financial Institutions	2924.23	11231.51	13418.50
TOTAL	**30977.99**	**48344.69**	**54266.04**

Amount (₹ in Lakhs)

Note 22 : OTHER CURRENT LIABILITES	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
Advance from customers	129.67	172.23	167.91
Duties and taxes	19.43	763.63	402.28
Deferred sales tax Liability	497.99	497.99	497.99
Unpaid Expenses -Other Liabilities	132.35	163.46	257.91
TOTAL	**779.44**	**1597.31**	**1326.09**

Amount (₹ in Lakhs)

Note 23 : PROVISION FOR EMPLOYEE BENEFITS	As At March 31, 2018	As At March 31, 2017	As At March 31, 2016
-Gratuity	48.28	44.36	36.00
-Leave Encashment	54.12	54.12	54.12
- Others	427.42	378.91	360.53
TOTAL	**529.82**	**477.39**	**450.65**

Amount (₹ in Lakhs)

Note 24 : REVENUE FROM OPERATIONS	As At March 31, 2018		As At March 31, 2017	
I. Sale of Products				
Direct Export Turnover	56.78		0.00	
Domestic Turnover	55952.95	56009.73	34794.17	34794.17
II. Sale of service				
- Job work Income (TDS ₹ 6.09 Lakhs PY ₹ 0.06 Lakhs)	330.95		3.04	
- Manpower Services (TDS P Y ₹ 2.00 Lakhs)	0.00	330.95	100.00	103.04
III. Other Operating Revenues				
Export Incentives- Duty Draw Back		1.04		0.00
Total Revenue from operations		**56341.72**		**34897.21**

Amount ₹ in Lakhs

Details of product sold	As At March 31, 2018	As At March 31, 2017
Bars, Beams, Flats	180.91	385.92
Plate & Coil	48163.78	30087.43
Slab, Billets, etc	7665.04	4320.82
Total	**56009.73**	**34794.17**

(Amount includes GST)

Amount (₹ in Lakhs)

Note 25 : OTHER INCOME	As At March 31, 2018	As At March 31, 2017
Interest Income (TDS ₹ 1.36 Lakhs P Y ₹ 3.95 Lakhs)	15.13	39.57
Profit on Sale of Fixed Assets	0.00	1.17
Foreign exchange fluctuation Gain (Net)	42.38	49.41
Sundry balances written back (Net)	16.96	0.00
TOTAL	**74.47**	**90.15**

Amount (₹ in Lakhs)

Note 26 : COST OF MATERIALS CONSUMED	As At March 31, 2018	As At March 31, 2017
Opening Stock of Raw Material	474.06	443.86
Add : Purchases	31248.63	21294.44
	31722.69	21738.30
Less : Closing Stock of Raw Material	500.12	474.06
TOTAL	**31222.57**	**21264.24**

Amount (₹ in Lakhs)

Consumption of Raw material	As At March 31, 2018	As At March 31, 2017
Scrap	28542.51	20200.42
Others	2680.06	1063.82
TOTAL	**31222.57**	**21264.24**

Amount (₹ in Lakhs)

Note 27 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS	As At March 31, 2018		As At March 31, 2017	
Opening Stock				
Finished Goods	5498.98		3295.09	
Stock-in-Progress	2202.63	7701.61	834.44	4129.53
Less : Closing Stock				
Finished Goods	2203.85		5498.98	
Stock-in-Progress	2148.96	4352.81	2202.63	7701.61
Increase/(Decrease) in Stock of Finished Goods & Stock-in-Progress		**3348.80**		**-3572.08**

Amount (₹ in Lakhs)

Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-progress	31.03.2018		31.03.2017	
Opening Stock				
Finished Goods				
Bars, Beams, Flats	4.94		321.73	
Plate & Coil	4885.66		2628.10	
Excise Duty On Finished Goods	608.38		345.26	
Stock-in-Progress				
Slab, Billets, etc	2202.63	7701.61	834.44	4129.53
Less : Closing Stock				
Finished Goods				
Bars, Beams, Flats	54.48		4.94	
Plate & Coil	2149.37		4885.66	
Excise Duty On Finished Goods	0.00		608.38	
Stock-in-Progress				
Slab, Billets, etc	2148.96	4352.81	2202.63	7701.61
Increase/(Decrease) in Stock of Finished Goods & Stock-in-Progress		**3348.80**		**-3572.08**

Amount (₹ in Lakhs)

Note 28 : EXCISE DUTY	As At March 31, 2018	As At March 31, 2017
Excise duty on Sales	1229.95	3759.10
TOTAL	**1229.95**	**3759.10**

Amount (₹ in Lakhs)

Note 29 : EMPLOYEE BENEFITS EXPENSES	As At March 31, 2018	As At March 31, 2017
Salary & Bonus	1694.01	1151.02
Contribution to Provident Fund etc.	58.94	36.73
Staff welfare expenses	50.75	29.91
TOTAL	**1803.70**	**1217.66**

Amount (₹ in Lakhs)

Note 30 : FINANCE COSTS	As At March 31, 2018	As At March 31, 2017
Term Loan	0.00	467.91
Working capital facilities	0.00	63.93
Debentures	0.00	890.00
Interest to Others	13.13	11.51
TOTAL	**13.13**	**1433.35**

Amount (₹ in Lakhs)

Note 31 : OTHER EXPENSES	As At March 31, 2018		As At March 31, 2017	
Stores & Spares Consumed :				
Opening Stock	3499.57		3669.84	
Add : Purchases	4787.13		3393.95	
	8286.70		7063.79	
Less: Closing Stock	3589.71	4696.99	3499.57	3564.22
Power & fuel		6416.16		6057.68
Factory Labour expense		621.08		576.73
Factory Expenses		40.22		72.37
Repairs & Maintenance :				
Machinery	181.49		86.16	
Building	4.00		6.60	
Others	4.61	190.10	19.73	112.49
Selling costs		31.40		48.24
Packing Cost		1.62		0.54
Freight outward expenses		43.04		124.19
Travelling, Conveyance and Vehicle Expenses		41.76		25.60
Legal, Consultancy and Professional Fees		81.87		88.61
Miscellaneous expenses		38.68		22.49
Advertisement, Stationery and Communication		28.01		26.83
Payment to Auditors #		9.25		11.91
Rent		9.60		11.70
Rates and Taxes		27.94		30.90
Insurance		8.75		3.06
Bank Charges		12.51		8.30
Provision for Bad debt (Net)		-15.54		18.73
Sundry Balances Written off (Net)		0.00		11.25
GST		6830.62		0.00
Sales Tax expenses		302.32		1208.53
Excise duty adjustment for stock		-608.39		263.11
TOTAL		**18807.99**		**12287.48**

Amount (₹ in Lakhs)

	As At March 31, 2018	As At March 31, 2017
As auditors - Statutory audit	8.00	7.50
For other Services	1.25	4.41
	9.25	**11.91**

Amount (₹ in Lakhs)

Note 31-A Earning Per Share	**As At March 31, 2018**	**As At March 31, 2017**
Basic/Diluted Earnings per Share		
Number of Equity Shares at the beginning of the year (Lakhs)	197.98	197.98
Number of Equity Shares alloted during the year (Lakhs)	0.00	0.00
Number of Equity Shares at the end of the year (Lakhs)	197.98	197.98
Weighted average number of equity shares		
Profit for the year (after tax, available for equity shareholders)	3561.84	3647.62
Basic and Diluted Earnings Per Share in ₹	17.99	18.42

32 Financial and derivative instruments

Capital Management

The company's objective when managing capital is to:

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

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

Disclosures

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

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

(i) Categories of Financial Instruments

(Amount in ₹ in Lakhs)

Particulars	**As At March 31, 2018**	**As At March 31, 2017**	**As At March 31, 2016**
Financial Assets			
Measured at Amortised Cost			
(i) Trade and Other Receivables	365.38	733.72	993.53
(ii) Cash and Cash Eqivalents	102.03	192.56	305.40
(iii) Loans	—	—	—
(iv) Other Financial Assets	1658.78	1201.61	1687.87
(v) Investments	—	—	—
Financial Liabilities			
Measured at Amortised Cost			
(i) Borrowings	23821.05	29575.35	37067.56
(ii) Trade Payables	6736.02	10091.97	7397.51
(iii) Other Financial Liabilities	30977.99	48344.69	54266.04

(ii) Fair Value Measurement

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

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

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

(iii) Financial Risk Management Objectives

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

Market Risk

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

Foreign Currency Risk

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

Interest Rate Risk

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

Liquidity Risk

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

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

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

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

(Amount ₹ in Lakhs.)

Particulars	Due in 1 Year	1 Year - 3 Years	More than 3 Years	Total
As at 31st March, 2018				
Borrowings	—	22287.30	1533.75	23821.05
Trade Payables	5027.20	1708.82	—	6736.02
Other Financial Liabilities	30977.99	—	—	30977.99
Total	36005.19	23996.12	1533.75	61535.06
As at 31st March, 2017				
Borrowings	7177.91	18997.44	3400.00	29575.35
Trade Payables	7953.65	2138.32	-	10091.97
Other Financial Liabilities	48344.69	—	—	48344.69
Total	63476.25	21135.76	3400.00	88012.01
As at 1st April, 2016				
Borrowings	13087.49	17338.07	6642.00	37067.56
Trade Payables	5346.09	2051.42	—	7397.51
Other Financial Liabilities	54266.04	—	—	54266.04
Total	**72699.62**	**19389.49**	**6642.00**	**98731.11**

Credit Risk

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

Trade Receivables

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

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

(Amount in ₹Lakhs)

Particulars	Due in 1 Year	1 Year - 3 Years	More than 3 Years	Total
As at 31st March,2018				
Investments	—	—	2181.53	2181.53
Loans	—	—	—	—
Cash & Cash Equv	102.03	—	—	102.03
Trade Receivables	365.38	—	—	365.38
Other Financial Assets	1004.04	654.74	—	1658.78
Total	**1471.45**	**654.74**	**2181.53**	**4307.72**
As at 31st March,2017				
Investments	—	—	1534.03	1534.03
Loans	—	—	—	—
Cash & Cash Equv	192.56	—	—	192.56
Trade Receivables	699.42	34.30	—	733.72
Other Financial Assets	592.86	608.75	—	1201.61
Total	**1484.84**	**643.05**	**1534.03**	**3661.92**

33. Disclosures Regarding Employee Benefits

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

Defined Contribution Plan

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

(Amount ₹ in Lakhs)

Partculars	2017-18	2016-17
Employers contribution to provident fund	58.93	36.73

(i) Defined Contribution Plan: Employee benefits in the form of Provident Fund are considered as defined contribution plan and the contributions to Employees Provident Fund Organization established under The Employees Provident Fund and Miscellaneous Provisions Act 1952 and Employees State Insurance Act, 1948, respectively, are charged to the profit and loss account of the year when the contributions to the respective funds are due.

(ii) Defined Benefit Plan: Retirement benefits in the form of Gratuity are considered as defined benefit obligation and are provided for on the basis of third party actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet.

Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972.

As the Company has not funded its liability, it has nothing to disclose regarding plan assets and its reconciliation.

(iii) Major risk to the plan

I have outlined the following risks associated with the plan:

A. Actuarial Risk:

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

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an

increase in Obligation at a rate that is higher than expected.

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

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

B. Investment Risk:

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

C. Liquidity Risk:

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

D. Market Risk:

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

E. Legislative Risk:

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

(iv) **Defined Benefit Cost** **(Amount ₹ in Lakhs)**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Current Service Cost	30.46	27.91
Interest Expense on Defined Benefit Obligation (DBO)		
Defined Benefit Cost included in Profit and Loss	-	-
Remeasurements - Due to Financial Assumptions	-1.40	7.25
Remeasurements - Due to Experience Assumptions	-	
Remeasurements - Due to Experience Adjustments	-19.05	-14.39
Return on plan assets excluding amounts included in interest income		
Defined Benefit Cost included in Other Comprehensive Income	(20.45)	(7.14)
Total Defined Benefit Cost in Profit and Loss and OCI	10.01	20.77

(v) **Movement in Defined benefit liability:** **(Amount ₹ in Lakhs)**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Opening Defined Benefit Obligation	171.06	153.07
Interest Expense on Defined Benefit Obligation (DBO)	10.64	10.67
Current Service Cost	19.65	17.23
Total Remeasurements included in OCI		
Less: Benefits paid	11.46	2.77
Less: Contributions to plan assets	20.28	7.15
Closing benefit obligation	169.61	171.05
Current Liabilities of Closing benefit obligation	48.28	44.36
Non-Current Liabilities of Closing benefit obligation	121.33	126.69

(vi) **Sensitivity Analysis of Defined Benefit Obligation:** **(Amount ₹ in Lakhs)**

	2017-18	2017-18
(A) Discount rate Sensitivity		
Increase by 0.5%	165.12	166.11
(% change)	-2.65%	-2.90%
Decrease by 0.5%	174.38	176.00
(% change)	2.81%	2.89%
(B) Salary growth rate Sensitivity		
Increase by 0.5%	174.37	175.94
(% change)	2.80%	2.86%
Decrease by 0.5%	165.09	166.12
(% change)	-2.67%	-2.89%
(C) Withdrawal rate (W.R.) Sensitivity		
W.R. x 110%	169.45	170.87
(% change)	-0.10%	-0.11%
W.R. x 90%	169.78	170.93
(% change)	0.10%	-0.07%

(vii) **Actuarial assumptions:**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Mortality Table : Indian Assured Lives Mortality (2006-08) Table		
Discount Rate (per annum)	7.30%	7.15%
Salary Growth Rate (per annum)	7.00%	7.00%
Withdrawal rate	15% at younger ages reducing to 3% at older ages	15% at younger ages reducing to 3% at older ages

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

34. The Company has not provided for foreign exchange loss in the financialresults on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of theForeign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March31, 2018, which constitutes a departure from the Indian Accounting Standard- 21. "The Effects of Changes in Foreign Exchange Rates which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23. 2011 to March, 2018.However, the company has not provided for foreign exchange fluctuation on the above FCCB since September 2011 and accordingly the total net loss on foreign exchange works out to ₹ 2405.23 lakhs which has not been provided by the company.

35. For the yearending on 31st March,2018, the company has discontinued to make the provision of interest on loans from banks and financial institutions (excluding loans assigned to various ARCs) amounting to ₹ 1305.63 lakhs.

36. The Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of lnd AS 109 'Financial Instruments and hence, the effect of the same, if any, on the financial results is not identifiable.

37. The Company has not evaluated the provisioning requirementof a loss allowance on its financial assets so as to give impact of impairment if any as per the expected credit loss method as per the requirement of lnd AS 109 'Financial Instruments' and hence, the effect of the same if any on the Financial Results is not identifiable.

38. Management of the Associate Company is of the view that they do not anticipate execution of its ongoing capital projects. However, the Associ-ate Company has not made adequate provision towards recovery of ad-vances for the said capital projects for the amount of ₹912.32 Lakhs- 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 consolidated financial results is currently not ascer-tainable.

39. The Associate Company has not assessed the impact of Effective Interest Method to the finance cost as per the requirement of lnd AS 109 'Financial In-struments and hence, the effect of the same, if any, on the financial results is not identifiable.

40. RELATED PARTY DISCLOSURES

i) Concern where significant interest exists

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

(REALTED PARTIES HAVE BEEN IDENTIFIED BY THE MANAGEMENT)

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director & CFO
4	Mr. Yashpal Mehta (till 30.6.2017)	Vice President & CFO
5	Mr. Vinod Shah	Company Secretary

iii) Disclosure of Related Party Transactions

(Amount ₹ In Lakhs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2017-18	2016-17	2017-18	2016-17
1	Purchase of goods & Services	17,169.55	13,065.22	-	-
2	Purchase of Power	3,932.74	3,986.41	-	-
3	Sales of Goods	5,176.46	209.03	-	-
4	Manpower Charges Recovered	0.00	100.00	-	-
5	Rent paid	9.60	9.60	-	-
6	Interest Paid	4.56	18.87	-	-
7	Loan Availed	425.00	475.00	-	-
8	Loan Repaid	475.00	451.00	-	-
9	Remuneration	-	-	42.36	47.28

iv) Disclosures of material transactions with related parties during the year:

Amount ₹ in Lakhs

					Balance outstanding as at	
Sr.No.	Description	Related Parties	2017-18	2016-17	31/03/2018	31/03/2017
1	Purchase of Goods & Services	SAL Steel Ltd	17,168.90	(13,065.07)	2,560.86	(4,883.71)
		SAL Pharmacy	0.14	(0.16)	8.82	(8.68)
		SAL Hospital & Medical Institute	0.51	0.00	45.38	(27.15)
2	Purchase of power	SAL Steel Ltd	3,932.74	(3,986.41)	0.00	0.00
3	Sales of goods & Services	SAL Steel Ltd	5,176.32	(207.47)	0.00	0.00
		SAL Hospital & Medical Institute	0.14	(1.56)	0.59	(1.56)
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	0.00	(47.60)	0.00	0.00

		SAL Institute of Pharmacy	0.00	(8.40)	0.00	0.00
		SAL Institute of Management	0.00	(8.40)	0.00	0.00
		SAL College of Engineering	0.00	(35.60)	0.00	0.00
5	Rent paid	SAL Steel Ltd	9.60	(9.60)	0.00	0.00
6	Interest Paid	SAL Hospital & Medical Institute	4.56	(5.83)	0.00	(5.25)
		SAL Care Pvt Ltd.	0.00	(12.56)	0.00	(11.30)
		SAL Corporation Pvt. Ltd.	0.00	(0.48)	0.00	(0.43)
7	Remuneration to Key Management Personnel	Mr. K S Kamath	12.92	(12.92)	0.00	0.00
		Mr. Ashok Sharma	12.00	(12.00)	0.00	0.00
		Mr. Yashpal Mehta	2.44	(9.76)	0.00	0.00
		Mr. Vinod Shah	15.00	(12.60)	0.00	0.00
8	Loan Availed	SAL Hospital & Medical Institute	425.00	(475.00)	0.00	(50.00)
		Mr. Rajendra V Shah	0.00	0.00	367.73	(367.73)
9	Loan Repaid	SAL Corporation Pvt. Ltd.	0.00	(26.00)	0.00	0.00
		SAL Hospital & Medical Institute	475.00	(425.00)	0.00	0.0

41. The Holding Company's current liabilities exceeded its current assets as at the previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, consid-ering the profit earned by the Holding company for the year ended on 31st March 2018 and considering the view of the management, the con-solidated financial results of the Company have been prepared on a "go-ing concern basis".

42. The balance confirmation from the suppliers, customers as well as to various loans or advances given have been called for,in case of Holidng Company and Associate Company but the same are awaited till the date of audit. Thus, the balances of receivables, trade payables as well as loans and advances of Holding Company and Associate Company have been taken as per the books of accounts submitted by the companies and are subject to confirmation from the respective parties.

43. The Holding Company has entered in to settlement agreement with ef-fect from 19th Januray 2018, for the entire dues in respect of various fa-cilities and assistance provided by Karur Vysya Bank and IDBI Bank which is now assigned to Asset Reconstruction Company (India) Ltd. Further settlement agreement entered in to by the company on 23rd Feb-ruary, 2018, for the entire dues in respect of various facilities and assis-tance provided by Bank of Maharashtra and Punjab National Bank which is now assigned to Invent Assets Securitization & Reconstruction Pvt. Ltd.The Holding company has accounted for the Waiver of Principal portion of Loan facilities under Capital Reserve Account and Waiver of Interest portion (as per books of the company) as Income in the con-solidated statement of Profit and loss.The said agreements provide for the settlement of entire dues in respect of financial assistance and facil-ities with the underlying Securities for the payment of ₹ 6600 Lakhs towards full and final settlement against the total liability (Principal and Interest as per the books of the company) of ₹ 28090 Lakhs resulting in to the waiver of liability (Principal and Interest) amounting to ₹ 21490 Lakhs. Out of the said waiver of liability (Principal and Interest) of ₹ 21490 Lakhs,the waiver of Principal portion of ₹ 10923 Lakhs has been accounted under capital reserve account in the consolidated Statement of Assets and Liabiities as at 31st March 2018 and waiver of Interest Liability of ₹ 10567 Lakhs has been shown as income in the consolidated Statement of Profit and loss and has been reflected as an Exceptional Item in the consolidted Statement of Profit and loss for the year ended on 31st March 2018.

44. Associate Company's current liabilities exceeded its current assets as at the previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Associate Company's ability to continue as a going concern. However, considering the profit earned by the Associate company for the year ended on 31st March 2018 and considering the view of the management the financial results of the Associate Company have been prepared on a going concern basis.

45. Note 45 to the Consolidated financial statements which de-scribes about the Non disclosure of Reportable Segments as required under Indian Accounting Standard - 108 'Operating Segments' by the Associate Company.

46. The Holding company has entered in to settlement agreement entered in to by the Associate company with effect from 22nd February 2018 for the entire dues in respect of various facilities and assistance provided by Union bank of India,State Bank of Saurashtra, State Bank of India and State Bank of Hyderabad which is now assigned to Invent Assets Securit-ization & Reconstruction Pvt. Ltd. The Associate company has accounted for the Waiver of Interest portion (as per the books of the associate company) as Income in the statement of Profit and loss.The said agree-ments provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying Securities for the payment of ₹ 18051.50 Lakhs

towards full and final settlement against the total lia-bility (Principal and Interest) of ₹ 24430 Lakhs resulting in to the waiver of liability (Principal and Interest as per the books of the associate com-pany) for the amount of ₹ 6378.26 Lakhs.

47. Refer Note 47 to the notes forming part of Consolidated financial state-ments which mentions about the Order of Hon'ble National Company Law Tribunal (NCLT), Ahmedabad Bench dated 6th Sep 2017 [C P (IB) no. 94/9/NCLT/AHM/2017] which had admitted the Associate company under Corporate Insolvency Resolution Process (CIRP) under section 9(5)(i) of the Insolvency and Bankruptcy Code, 2016 and accordingly appointed Interim Resolution Professional (IRP).However, on the basis of the records produced before us, and as explained to us,the promoters of the Associate company have entered in to a settlement with operational creditor who had filed application before Hon'ble NCLT,Ahmedabad and obtained no objection from other opera-tional creditors as well as financial creditors and moved a petition under Article 142 of the Constitution of India before the Hon'ble Supreme Court of India, New Delhi. As per the order dated 1st January 2018 of the Hon'ble Supreme court of India, the order passed by the Hon'ble NCLT, Ahmedabad dated 6th September,2017 has been set aside and accordingly the CIRP proceedings have been effectively discontinued and pow-ers of the Board of Directors of the Associate Company have been rein-stated.

48. The Provision for taxation particularly provision for tax liability u/s 115JB (2)(vii) of Income Tax Act, 1961 has been considered after taking into ac-count the fact that the company was registered and declared "SICK" by the Hon'ble Board for Industrial and Financial Reconstruction (BIFR) and accordingly the same has been computed and reflected in the books of accounts.

49. During the year under review, the Holding Company has received Refund of Electricity Duty from Uttar Gujarat Vij Company limited (UGVCL) vide their letter dated 27th November,2017 amounting to ₹ 2874 Lakhs for the period from February 2008 to December 2016 and the same is shown un-der the Head "Exceptional Items" in the consolidated financial statements for the year ending on 31st March, 2018.

50. Foreign currency exposure at the year end not hedged by derivative in-struments :

(Amount ₹ in Lakhs)

Particulars	As At March 31, 2018	As At March 31, 2017
Advance Payment to Suppliers		
Rupees in Lakhs	288.55	117.52
US Dollar in Lakhs	4.44	1.81
FCCB Payable (Including Interest)		
Rupees in Lakhs	7237.88	7237.88
US Dollar in Lakhs	148.25	148.25

51. Contingent liabilities :

(1) Claims against the Company not acknowledged as debts

Particulars		
1.	Disputed Income Tax Liability matter under Appeal	₹ Nil (P.Y 1.30 Lakhs)
2.	Disputed Excise, Service Tax Demand Matter Under Appeal	₹ 2122.84 Lakhs (P.Y.₹ 2278.11 Lakhs)
3.	Disputed VAT Liability matter under Appeal	381.28 Lakhs (P.Y 388.27 Lakhs)
4.	Claim against the company not acknowledged as debt – Claim by parties	₹ 26505.88 Lakhs (P.Y 27890.97 Lakhs)
	Bank / Financial Institutions	₹82486.23 Lakhs (P Y ₹ 72938.37 Lakhs)

Note:

(a) It is not practicable for the company to estimate the timings of cash outflows, if any, in respect of the above, pending resolution of the respective proceedings as it is determinable only on receipt of judgments/decisions pending with various forums/ authorities.

(b) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

(2) Corporate Guarantee given to consortium Bank for SAL Steel Ltd. ₹ 20750.00 Lakhs (P.Y. ₹ 20750.00 Lakhs)

52. Certain Balance of Debtors, Creditors, Loans & Advances for Capital expenditures are non- moving / sticky . However in view of the management, the same is recoverable / payable. Hence no provision for the same is made in the books of accounts.

53. 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.

54. Inventories are as taken, valued and certified by the management.

55. The Holding Company has long term investment in the shares of SAL Steel Limited amounting to ₹ 3,994.96 Lakhs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2018, the Company hasaccumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited alsoindicates that the Company has and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. Also there is nomajor movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there isdecline, other than temporary, in the value of a long term in-vestment. And as a result, we have accounted forinvestment in shares of SAL Steel Ltd at market rate of shares @ ₹ 7.21 per share reducing the value of investment to ₹ 2181.53 Lakhs and provided for ₹ 1813.43 Lakhs as diminution other than temporary in the value of investment in books of ac-counts.

56. Holding company's accumulated share of losses in the Associate since the date of being an Associate till March 31, 2018 exceeds its investment value in shares ofSAL Steel Limited (Associate). Hence Holding Company's Share of accumulated losses in the Associate completely reduces the Invest-ment value and hence, adjustment of share of loss can be made to the carrying value of investment to the extent of the balance of Investment only in F Y 2017-18. This is in accordance with Indian Accounting Standard 28, " Accounting for Investment in Associates and Joint Venture " which states that If Investor's share of losses in associate equal or exceed the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.

57. The Holding Company's share of losses in the Associate has been recognized in the books of accounts to the extent of the carrying amount of the value of In-vestment . This is in accordance with Indian Accounting Standard 28, " Ac-counting for Investment in Associates and Joint Venture " which state that If In-vestor's share of losses in associate equal or exceed the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.

58. The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made. However, on prima facie scrutiny, no interest has been paid to suppliers.

59. (₹ In Lakhs)

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

Particulars	2017-18	2016-17
Raw Materials	3678.53	4747.58
Stores & Spares	54.06	30.30

b) Expenditure in foreign currency during the financial year

(₹ In Lakhs)

Particulars	2017-18	2016-17
Conference & Membership Fees	2.85	0.00

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

Particulars	2017-18		2016-17	
	Amount (in Lakhs₹)	% of consumption	Amount (in Lakhs₹)	% of consumption
Raw Material-Manufacturing Activity				
Imported	4149.58	13.29%	5794.24	27.25%
Indigenous	27072.99	86.71%	15470.00	72.75%
Total	**31222.57**	**100.00%**	**21264.24**	**100.00%**
Stores & Spares				
Imported	58.33	1.24%	34.44	0.97%
Indigenous	4638.66	98.76%	3529.77	99.03%
Total	**4696.99**	**100.00%**	**3564.21**	**100.00%**

d) Earning in Foreign Exchange: (₹ In Lakhs)

Particulars	2017-18	2016-17
FOB Value of exports	50.88	0

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

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

(Amount ₹ in Lakhs)

SN	Particulars	Note No.	As at 31st March, 2017 (End of last period presented as per IGAAP)			As at 1st April, 2016 (Date of Transition)		
			As per IGAAP*	Adjustment on transition to Ind AS	As per IndAS	As per IGAAP*	Adjustments on transition to Ind AS	As per IndAS
	ASSETS							
	Non- current Assets							
	Property, Plant and Equipment	2	14,316.58	0.00	14,316.58	15,694.42	0.00	15,694.42
	Capital work-in-progress		900.50	-	900.50	900.50	-	900.50
	Financial Assets							
	(i) Investments	3	-	(0.00)	(0.00)	-	(0.00)	(0.00)
	(ii) Trade receivables	4	-	34.30	34.30	-	20.20	20.20
	(iii) Loans	5	-	-	-	-	-	-
	Deferred tax Assets (net)	6	33,804.43	(0.00)	33,804.43	34,815.71	(0.00)	34,815.71
	Other non-current assets	7	227.02	381.73	608.75	227.02	314.95	541.97
	Current assets							
	Inventories	8	11,675.24	(0.00)	11,675.24	8,243.23	0.01	8,243.24
	Financial Assets							
	(i) Trade receivables	9	733.72	(34.30)	699.42	993.54	(20.21)	973.33
	(ii) Cash and cash equivalents	10	192.56	(0.00)	192.56	305.41	0.00	305.41
	Other current assets	11	974.59	(381.73)	592.86	1,460.85	(314.95)	1,145.90
	Total Assets		**62,824.64**		**62,824.64**	**62,640.68**		**62,640.68**
	EQUITY AND LIABILITIES							
	EQUITY							
	(a) Equity Share capital	12	1,979.75	0.00	1,979.75	1,979.75	0.00	1,979.75
	(b) Other Equity	Equity Reco	(29,502.84)	0.01	(29,502.83)	(39,967.09)	(81.28)	(40,048.37)
	LIABILITIES							
	Non-current liabilities							
	Financial Liabilities							
	(i) Borrowings	14	22,397.44	(0.00)	22,397.44	23,980.07	(0.00)	23,980.07
	(ii) Trade Payable	15		2,138.32	2,138.32		2,051.42	2,051.42
	Provisions	16	126.69	0.00	126.69	117.06	0.01	117.07
	Non-current liabilities	17		99.32	99.32		49.38	49.38
	Other non-current liabilities	18	35.00	-	35.00	35.00	-	35.00
	Current liabilities							
	Financial Liabilities							
	(i) Borrowings	19	7,177.91	0.00	7,177.91	13,087.49	(0.00)	13,087.49
	(ii) Trade payables	20						
	Total outstanding dues of micro enterprises and small enterprises			-				
	Total outstanding dues of creditors other than micro enterprises and small enterprises		10,091.98	(2,138.33)	7,953.65	7,316.24	(1,970.15)	5,346.09
	(iii) Other financial liabilities	21	48,344.69	0.00	48,344.69	54,266.03	0.01	54,266.04
	Other current liabilities	22	1,696.64	(99.33)	1,597.31	1,375.48	(49.39)	1,326.09
	Provisions	23	477.39	0.00	477.39	450.65	(0.00)	450.65
	Total Equity and Liabilities		**62,824.64**		**62,824.64**	**62,640.68**		**62,640.68**

A) EQUITY SHARE CAPITAL

Particulars	(Amount ₹ In Lakhs)
For the year ended 31st March, 2018	
Balance as at 1st April 2017	1,979.75
Changes in equity share capital during the year	0
Issued during the year	0
Balance as at 31st March 2018	1,979.75
For the year ended 31st March, 2017	
Balance as at 1st April 2016	1,979.75
Changes in equity share capital during the year -	0
Balance as at 31st March 2017	1,979.75

B) OTHER EQUITY **(Amount ₹ In Lakhs)**

Reconciliation of Other Equity as at 1st April 2016

	Particulars	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income	Total
	Balance at the beginning of the reporting period	-	502.61	6,000.00	(79,958.09)	-	(73,455.48)
	Adjustments as per Ind AS	-	-	-	(81.27)		(81.27)
	Profit for the year	21,394.43	-	-	12,093.95	-	33,488.37
	Balance at the end of the reporting period	**21,394.43**	**502.61**	**6,000.00**	**(67,945.41)**	**-**	**(40,048.37)**

Reconciliation of Other Equity as at 31st March 2017 **(Amount ₹ In Lakhs)**

	Particulars	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Retained Earnings	Other Comprehensive Income	Total
	Balance at the beginning of the reporting period	21,394.43	502.61	6,000.00	(63,819.00)	-	(35,921.96)
	Dividend on Equity Shares	-	-	-	-	-	-
	Tax on Dividend	-	-	-	-	-	-
	Adjustments as per Ind AS	-	-	-	(4,126.41)	9.62	(4,116.79)
	Profit for the year	6,888.30	-	-	3,647.62	-	10,535.92
	Balance at the end of the reporting period	**28,282.73**	**502.61**	**6,000.00**	**(64,297.79)**	**9.62**	**(29,502.83)**

Notes to first time adoption

a Property Plant and Equipment

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

b Re-Classification

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

c Prior Period Items

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

d Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale

of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of statement of profit and loss as part of expenses

e Deferred Tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

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

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

60-A TAX RECONCLIATION

Income taxes recognised in Statement of Profit and Loss

(Amount ₹ In Lakhs)

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Current tax		
In respect of the current year	-	-
(Excess)/Short provision for tax of earlier years	-	-
Deferred tax(credit) /Charged		
	8,504.20	1,013.75
Total income tax expense recognised in respect of continuing operations	**8,504.20**	**1,013.75**

Tax reconciliation

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

(Amount ₹ In Lakhs)

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Profit before taxes	-	-
Enacted tax rate in India	34.940%	34.610%
Expected income tax benefit/(expense) at statutory tax rate	-	-
Effect of: -		
Deferred tax(credit) /Charged	8,504.20	1,013.75
Income taxes recognised in the Statement of Profit and Loss	**8,504.20**	**1,013.75**

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 30% plus surcharge @ 12% and (Cess @ 3% for 2016-17 andCess 4 % for 2017-18) payable by corporate entities in India on taxable profits under the Indian tax laws.

Income tax recognised in other comprehensive income **(Amount ₹ in Lakhs)**

Particulars	For the Year ended on 31st March, 2018	For the Year ended on 31st March, 2017
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of defined benefit obligation	7.15	2.48
Total income tax recognised in other comprehensive income	**7.15**	**2.48**
Bifurcation of the income tax recognised in other comprehensive income into:-		
Items that will not be reclassified to Statement of Profit and Loss	**7.15**	**2.48**
Income tax recognised in other comprehensive income	**7.15**	**2.48**

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

Components of deferred tax assets and liabilities (Amount ₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Deferred tax assets		
Unabsorbed loss	19,204.10	28,101.12
Disallowances of employee benefits u/s. 43B of the Income Tax	4,474.10	8,341.26
	23,678.20	**36,442.38**
(b) Deferred tax liabilities		
Diff. between book and tax depreciation	2,497.26	2,637.95
	2,497.26	**2,637.95**
Deferred Tax Assets (Net)	**21,180.94**	**33,804.43**

63. RECONCILAITON OF PROFIT AND LOSS (Amount ₹ in Lakhs)

RECONCILIATION OF PROFIT AND LOSS ACCOUNT	
NET PROFIT FOR THE YEAR ENDED 31.3.2017 AS PER GAAP	3575.96
ADJUSTMENTS AS PER IND AS	
Positive Adjustments	
Prior period expenditure	81.28
Excise Duty	3759.10
Reclassification of Acturial Loss on Defined benefit	7.14
plans to Other Comprehensive income	
Deffered Tax impact of INDAS	2.48
Negative adjustments	
Excise Duty	3759.10
Reclassification of Acturial Loss on Defined benefit	7.14
plans to Other Comprehensive income	
Deffered Tax impact of INDAS	2.48
NET PROFIT FOR THE YEAR ENDED 31.3.2017 AS PER IND AS	**3,657.24**

Signatures to Notes - 1 to 63.

Notes referred to herein above form an integral part of the Financial Statements.
As per our report of even date attached.

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

CA Dr. Hiten Parikh
Partner
M.No.040230

Place : Ahmedabad
Date : 30th May 2018

For and on behalf of the Board of Directors,
Shah Alloys Limited

Rajendra V. Shah	Chairman
Ashok Sharma	Whole Time Director & CFO
K. S. Kamath	Jt. Managing Director

Place : Santej
Date : 30th May 2018

SHAH ALLLOYS LIMITED
CIN: L27100GJ1990PLC014698
5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

ATTENDANCE SLIP

DP ID*	**Folio**
Client ID*	**No. of Shares**

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **28TH ANNUAL GENERAL MEETING** of the Company held on Saturday, 29th September, 2018 at 12:00 Noon at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060.

Signature of the Shareholder | Proxy

* Applicable for investors holding shares in electronic form.

SHAH ALLLOYS LIMITED
CIN: L27100GJ1990PLC014698
5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

Form No. MGT- 11
PROXY FORM

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

Name of Members : _____

Registered Address : _____

E-mail Address : _____

Folio No. | Client ID : _____

DP Id : _____

I/we, being the member(s) of_____ shares of SHAH ALLOYS Ltd, hereby appoint:

1) _____ of _____
having e-mail id_____ or failing him

2) _____ of _____
having e-mail id_____ or failing him

3) _____ of _____
having e-mail id_____ or failing him

attend and vote (on a poll) for me/us and on my/our behalf at the **28th ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 29th September, 2018 at 12:00 Noon at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO	Resolutions
1	Adoption of financial statements for the year ended on March 31, 2018
2	Reappointment of Shri Rajendra V. Shah as retiring Director.
3	Reappointment of Shri G. M. Shaikh, Non-Executive Independent Director.
4	Approval of Related Party transactions
5	Ratification of Remuneration of Cost Auditors

Signed this_____ day of _____2018

Affix Revenue Stamp

Signature of first proxy holder | Signature of Second proxy holder | Signature of Third proxy holder

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

Route map to reach venue of the Annual General Meeting

NOTES

NOTES

SHAH ALLOYS LTD.

Corporate Office:
Shah Alloys Corporate House, Sola-Kalol Road, Santej,
Ta. Kalol, Dist. Gandhinagar - 382721. Gujarat, INDIA
Phone : +91 - 2764 - 661100 E-mail : info@shahalloys.com
Website : www.shahalloys.com
CIN:L27100GJ1990PLC014698