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
Fax : 02764 - 661110
E-mail : info@shahalloys.com

26th August, 2014

Listing Department
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy 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 Form A and Form B pursuant to Clause 31 (a) of the Listing Agreement.

With reference to above, please find enclosed herewith Form A and Form B pursuant to Clause 31 (a) of the Listing Agreement and copy of the Annual Report 2013-14 of the company for the year ended on 31st March, 2014.

This is for your information and record pursuant to listing agreement.

Thanking you,

Yours Faithfully,

For, Shah Alloys Ltd

Vinod Kumar Shah
Company Secretary
Encl: As stated

Factory : Block No. 2221 / 2222, Shah Industrial Estate, Sola-Kalol Road, Santej, Ta. Kalol, Dist. : Gandhinagar - 382721.
Phone : (02764) 286525 / 286545 • Fax : (02764) 286615
Website : www.shahalloys.com

CIN-L27100GJ1990PLC014698

FORM A

Format of covering letter of the Annual Audit Report to be filled with the Stock Exchange

1	Name of the company	Shah Alloys Ltd
2	Annual financial statements for the year ended	31st March, 2014
3	Type of Audit observation	Matter of Emphasis
4	Frequency of observation	Appeared first time
5	To be signed by-	
	• Jt. Managing Director	Shri K S Kamath : ..... (DIN 00261544)
	• CFO	Shri Yashpal Mehta: .....
	• Auditor of the company	Shri Umesh Talati : ..... (ICAI Membership No. 034834)
	• Audit Committee Chairman	Shri G. M. Shaikh: ..... (DIN 00367186)

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FORM B

Format of covering letter of the Annual Audit Report to be filled with the Stock Exchange

1	Name of the company	Shah Alloys Ltd
2	Annual financial statements for the year ended	31st March, 2014
3	Type of Audit qualification	Qualified
4	Frequency of qualification	Repetitive
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	**1. Para of Independent Auditors' Report Under the head "Basis for Qualified Opinion"** *The Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds (FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2014, which constitutes a departure from the AS - 11, "The Effects of Changes in Foreign Exchange Rates" Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dates 13th September 2013, which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2014. The Company's record indicate that had management done the provision, the Exchange loss for the financial year 2013-14 would have been more by Rs 8,46,61,018/-. Accordingly, loss for the current financial year 2013-14 has been under-stated by Rs 8,46,61,018/- and reserves and surplus has been overstated by Rs 16,72,21,262/-.* **Reply** Dues on account of maturity of Foreign Currency Convertible Bonds (FCCB) on

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		22.09.2011 have been frozen on maturity and accordingly exchange rate fluctuation has not been considered thereafter. Payment of FCCB shall be considered as per the scheme that may be considered by Hon'ble BIFR. **2. "Para iii – (c)" of Annexure to Independent Auditors' Report** *On the basis of information and explanation given to us and on the basis of records produced before us in respect of loans granted by the company in the earlier years to a party covered under the register maintained under section 301 of the Companies Act, 1956, recovery of the said loan has been fixed by the Corporate Debt Restructuring (CDR) Cell. As per the terms of CDR, the company has to recover Rs10,00,00,000/- in the financial year 2011-12; Rs. 20,00,00,000/- in the financial year 2012-13 and Rs. 20,00,00,000/- in 2013-14, totaling to Rs. 50,00,00,000 as at March 31, 2014. However till date, the company has not recovered the same.* **Reply** SAL Steel Ltd was incorporated as backward integration project for Shah Alloys Limited. The finished product of SAL Steel Ltd becomes Raw material for Shah Alloys Ltd. However, due to financial crisis, Shah Alloys Ltd is not functioning on its optimum capacity and as such, SAL Steel Ltd is not getting sufficient orders to optimize its production capacity. This has adversely affected production of the SAL Steel Ltd. Thus accruals for SAL Steel Ltd are not enough to pay back the amount after making payment of interest and installments to its lenders. We are writing letters to SAL Steel Ltd for recovery of amount but due to financial stress faced by SAL Steel Ltd, they are not able to make the payment. Since the CDR of the Company has been scraped by the lenders, the payment of Inter-Corporate Deposits shall be considered as part of the

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		Scheme that may be considered by the Hon'ble BIFR. **3. "Para – ix (a)" of Annexure to Independent Auditors' Report** According to the records of the company, *undisputed Statutory dues including provident fund, employees State Insurance, Investors Education & Protection Fund, Income-tax, Wealth-tax, Service Tax, Sales-tax, Customs duties, excise duty, Cess and other statutory dues have not been generally regularly deposited during the year with the appropriate authorities.* **Reply** Payments of Statutory dues were marginally delayed on account of slow recovery/collection. However, the same have been paid. **4. "Para – xi" of Annexure to Independent Auditors' Report** Notes and reply is as per attached Sheet.
	Additional comments from the board/audit committee chair:	N.A

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"Para – xi" of Annexure to Independent Auditors' report

Consequent upon the sanction of the restructuring package given under CDR mechanism by banks & financial institution, the company was required to start repaying the loans sanctioned by banks/institutions and debenture holders from June 2011 onwards, however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL and Non convertible Debentures are as under:

Particulars	***Period to which the default relates***	***Default (Amount in ₹)***	***Period for which the default subsists***
Term Loan	2011-12	17 37 96 292	730-1005 days
	2012-13	19 60 41 787	365-640 days
	2013-14	19 60 41 790	1-270 days
Working Capital Term Loan From Bank	2011-12	18 64 03 089	730-1005 days
	2012-13	22 36 83 707	365-640 days
	2013-14	22 36 83 707	1-270 days
Non Convertible Debenture	2011-12	10 41 66 667	730-1005 days
	2012-13	12 50 00 000	365-640 days
	2013-14	12 50 00 000	1-270 days

As per the CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards , the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures(NCD) has to be serviced as and when due..

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD). The Amount and the period of default are as listed under:

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Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on Term Loan	2011-12	12 04 69 127	730-1066 days
	2012-13	15 73 65 814	365-700 days
	2013-14	13 33 73 691	1-335 days
Interest on Working Capital Term Loan	2011-12	14 95 31 027	730-1066 days
	2012-13	17 89 46 966	365-700 days
	2013-14	17 89 46 953	1-335 days
Interest on Non Convertible Debenture	2011-12	8 18 90 411	730-1066 days
	2012-13	9 80 00 000	365-700 days
	2013-14	9 80 00 000	1-335 days

As per the terms of the CDR, Principal and Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of Principal and interest on FITL. The amount and the period of default are as mentioned below:

Particulars	Period to which the default relates	Default (Amount in Rs)	Period for which the default subsists
Funded Interest Term Loan(FITL)	2013-14	13 37 23 870	1-90 days
Interest on Funded Interest Term Loan(FITL)	2010-11	4 31 63 185	1096-1339 days
	2011-12	7 98 16 025	730-1066 days
	2012-13	8 25 18 348	365-700 days
	2013-14	7 71 66 458	1-335 days

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As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

Particulars	***Period to which the default relates***	***Default (Amount in ₹)***	***Period for which the default subsists***
Interest on working capital facilities	2010-11	*22 69 93 827*	*1096-1369 days*
	2011-12	*37 17 47 750*	*730-1066 days*
	2012-13	*39 44 65 648*	*365-700 days*
	2013-14	*44 18 08 307*	*1-335 days*

Moreover, the Company, in September 2006, has raised US $ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due on 22nd September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares ofRs10 each at a premium of ₹165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till 22nd September, 2011 which has been adjusted against Security Premium in accordance with Section 78 of the Companies Act, 1956.

However, the company has defaulted in repayment of the foreign currency convertible bond (FCCB) dues on its maturity. The default is subsisting since 921 days.

Reply:

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) (o) of the SICA ~~and~~ was declared so

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before the due date, i.e., June 2011. On account of **sick company** status, payments were not made as per CDR. Company has submitted OTS proposal. Once OTS proposal is accepted and implemented through Hon'ble BIFR, company would be able to pay the debts. This will ensure repayment of dues to the lenders, NCDs holders and also FCCB holders.

To be signed by-

- Jt. Managing Director — Shri K. S. Kamath: .....
  (DIN 00261544)
- CFO — Shri Yashpal Mehta: .....
- Auditor of the company — Shri Umesh Talati: .....
  (ICAI Membership No.034834)
- Audit Committee Chairman — Shri G. M. Shaikh: .....
  (DIN 00367186)

SHAH ALLOYS LTD. A'BAD

annual report
2013-2014

SHAH ALLOYS

24th Annual Report

CIN
L27100GJ1990PLC014698

BOARD OF DIRECTORS

Shri Rajendra V. Shah	Chairman
Shri K S Kamath	Jt. Managing Director
Shri Ashok Sharma	Whole Time Director
Shri G M Shaikh	Director
Shri Dilipkumar Sinha	Director
Shri Harshad Shah	Director
Shri Tejpal Shah	Director
Shri Bhaskar Ghosh	Director (ceased w.e.f. 14.11.2013)
Shri Tilak Raj Sahni	Nominee Director – UBI
Shri Arkhita Khandual	Nominee Director – IDBI Bank (Ceased from 15.11.2013)
Shri Anoop Sharma	Nominee Director – IDBI Bank (w.e.f. 15.11.2013)

COMPANY SECRETARY
Vinod Kumar Shah

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

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

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

AUDITORS
Talati & Talati
Chartered Accountants
Ambika Chambers
Nr. Old High Court, Navarangpura.
Ahmedabad: 380 009

BANKERS TO THE COMPANY
1. Union Bank of India
2. State Bank of India
3. Punjab National Bank
4. Bank of Maharashtra
5. Axis Bank Ltd

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

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NOTICE

NOTICE is hereby given that Twenty-Fourth Annual General Meeting of the Members of **SHAH ALLOYS LIMITED** will be held on Wednesday, 24th September, 2014 at 9:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2014, Statement of Profit & Loss for the year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri K S Kamath (DIN 00261544), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

   M/s. Talati & Talati, Chartered Accountants, Ahmedabad, (ICAI Registration No. 110758W) retiring Auditors of the Company are eligible for re-appointment.

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Sections 149,152, Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, as amended from time to time, Shri G M Shaikh (DIN 00367186), Non Executive Director of the company, who has submitted a declaration that he meets criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the company to hold office for 3 consecutive years for a term up to the conclusion of 27th Annual General Meeting of the Company in the calendar year 2017."
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 Sections 149,152, Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, as amended from time to time, Shri D K Sinha (DIN 00366192), Non Executive Director of the company, who has submitted a declaration that he meets criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company to hold office for 5 consecutive years for a term up to the conclusion of 29th Annual General Meeting of the Company in the calendar year 2019."
6. 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 Sections 149,152, Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, as amended from time to time, Shri Harshad Shah (DIN 01309096), Non Executive Director of the company, who has submitted a declaration that he meets criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company to hold office for 5 consecutive years for a term up to the conclusion of 29th Annual General Meeting of the Company in the calendar year 2019."
7. 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 Sections 149,152, Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, as amended from time to time, Shri Tejpal Shah (DIN 01195357), Non Executive Director of the company, who has submitted a declaration that he meets criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company to hold office for 5 consecutive years for a term up to the conclusion of 29th Annual General Meeting of the Company in the calendar year 2019."
8. To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 be paid the remuneration of Rs. 90,000/- per annum plus out of pocket expenses, if any, incurred during the course of above audit."

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 and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement (Including any Statutory Modification or re-enactment thereof for the time being in force), the Company is providing e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. The instructions for e-voting are enclosed herewith.

3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. Pursuant to Clause 49 of the Listing Agreement, details of the directors seeking appointment/reappointment at the Meeting are given in detail, is annexed hereto.
5. A 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 meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 17th September, 2014 to Wednesday, 24th September, 2014 (both days inclusive).
9. Members seeking any information or clarification on the 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 Statements are open for inspection by the members at the corporate office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection to the Members at the Annual General Meeting.
12. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share Registrars and Transfer Agents.
13. Members holding shares in physical form and who have not registered their email IDs are requested to register their email IDs with the Company's Share Registrars and Transfer Agents.

By order of the Board

Date: 28th May 2014
Place: Santej

Vinod Kumar Shah
Company Secretary

Registered Office:
5/1 Shreeji House,
B/h M.J. Library,
Ashram Road,
Ahmedabad - 380006.
CIN: L27100GJ1990PLC014698

INSTRUCTIONS FOR E-VOTING

SECTION A - E-VOTING Process

Step 1 - Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com

Step 2 - Click on "Shareholders" to cast your vote(s)

Step 3 - Please enter User ID

a) For account holders in CDSL :- Your 16 digits beneficiary ID

b) For account holders in NSDL :- Your 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.

Step 4 - Enter the image Verification as displayed and Click on Login

Step 5 - 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.

Step 6 - If you are a first time user follow the steps given below

6.1 Enter your 10 digit alpha-numeric PAN issued by Income Tax Department

For members who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio 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. Eg. If your name is Dasrath with folio number 100 then enter DA00000100 in the PAN field

6.2 Enter the date of birth recorded in the demat account or registered with the company for the demat account in DD/MM/YYYY format*

6.3 Enter your dividend bank details (Account Number) recorded in the demat account or registered with the company for the demat account*

* Any one of the details i.e. DOB or Dividend bank details should be entered for logging in to the account. If Dividend Bank details and Date of Birth are not recorded with the Depository or Company please enter the number of shares held by you as on the cut off date (record date) i.e. 22nd August, 2014 in the Dividend Bank details field.

Step 7 - After entering these details appropriately, click on "SUBMIT" tab.

Step 8 - First time user holding shares in Demat form will now reach Password Generation menu wherein they are required to create their login password in the password field. Kindly note that this password is to be also used by the Demat holders for voting for resolution 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. The password has to be minimum eight characters consisting of one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character.

Members holding shares in physical form will then directly reach the Company selection screen.

Step 9 - Click on the relevant EVSN on which you choose to vote.

Step 10 - On the voting page, you will see Resolution description and against the same the option 'YES/NO' for voting.

Select the relevant option as desired YES or NO and click on submit.

Step 11 - Click on the Resolution File Link if you wish to view the Notice.

Step 12 - 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.

Step 13 - Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

Kindly note that once you have cast your vote you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.

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

i. The e-Voting period commences on 18th September, 2014 (9.00 am) and ends on 20th September, 2014 (6.00 pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, may caste their vote electronically. The e-Voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

ii. The voting rights of shareholders shall be in proportion to their shares in the paid up equity share capital of the Company.

iii. CS Kamlesh M Shah, Practicing Company Secretary (Membership No. ACS 8356, CP No: 2072) (Address: 801-A, 8th Floor, Mahalaya Complex, Opp: Hotel President, B/H. Fairdeal House, Swastik Cross Roads, Off. C.G.Road, Navrangpura, Ahmedabad: 380 009) has been appointed as the Scrutinizer to scrutinize the e-Voting process.

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

v. The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.shahalloys.com and on the website of CDSL https://www.evotingindia.com within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

vi. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.

vii. For Members holding shares in physical form, the password and default number can be used only for e-Voting on the resolutions given in the notice.

viii. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to https://www.evotingindia.com and register themselves as Corporate, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

ix. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding CDSL e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.

x. 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

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4 to 7

Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah are independent Directors of the Company and have held the positions as such for more than 5 years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement *inter alia* stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 29th Annual General Meeting of the Company in the calendar year 2019. Shri G M Shaikh is proposed to be appointed as Independent Director for 3 (Three) consecutive years.

As per the provisions of Section 149 of the Act which has come into force w.e.f. 1st April 2014, an Independent Director shall hold office for a term upto 5 consecutive years on the Board of the Company and is not liable to retire by rotation.

Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received declarations from Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. In the opinion of the Board, Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah fulfill conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement.

Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah are independent of the management.

Brief resume of Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

This statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges. Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah are interested in the resolutions set out respectively at Item Nos. 4 to 7 of the Notice with regard to their respective appointments.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends Ordinary Resolutions set out at Item Nos. 4 to 7 of the Notice for approval by the shareholders.

Item No. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 at the remuneration of Rs. 90,000/- 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, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

By order of the Board

Date: 28th May 2014
Place: Santej

Vinod Kumar Shah
Company Secretary

Registered Office:
5/1 Shreeji House,
B/h M.J. Library,
Ashram Road,
Ahmedabad - 380006.

CIN: L27100GJ1990PLC014698

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE 24TH ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name of Director	K S Kamath	G M Shaikh	Harshad Shah	Tejpal Shah	Dilip Kumar Sinha
Date of Birth	05.05.1960	31.07.1940	01.07.1952	01.06.1953	15.08.1945
Date of Appointment	26.04.2005	07.08.1992	31.12.2005	01.02.2006	31.12.2005
Relationship with other Directors Inter se	None	None	None	None	None
Profile & Expertise in Specific functional Areas	31 Years of rich experience in marketing of Steel Products in domestic as well as global markets	45 years of experience in the filed of Accounts, Audit & Taxation. He is well known Senior practicing Chartered Accountant in Ahmedabad	37 years of experience in trading of Steel Products and in Construction Industry	34 years of rich experience in trading business	He has more than 37 years of experience of working in State Bank of India on various positions
Qualification	B. Com	F.C.A, B.com	B. Com	B. Com	M.A, CAIIB
No. of Equity Shares held in the Company	Nil	Nil	Nil	Nil	Nil
List of other Companies in which Directorships are held	Nil	Nil	S.A.L. Steel Ltd	S.A.L. Steel Ltd	Parenteral Drugs (India) Limited
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	Nil	Nil	Audit Committee (Member) - S.A.L. Steel Ltd Nomination and Remuneration Committee - S.A.L. Steel Ltd Stakeholders relationship committee - S.A.L. Steel Ltd	Nil	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors present 24th Annual Report together with the Audited Statement of Accounts for the year ended **31st March, 2014.**

FINANCIAL HIGHLIGHTS

₹ In Crores

PARTICULARS	Current Year 31.03.14	Previous Year 31.03.13
Total Turnover and other Receipts	472.75	656.94
Gross Profit/Loss		
(Before deducting any of the following)	(63.17)	(45.97)
A. Interest and Financial charges	93.47	92.36
B. Depreciation, Amortisation and Impairment	29.93	30.64
C. Tax Liability		
I. Current Tax	0.00	0.00
II. Deferred Tax	(57.98)	(68.30)
III. Prior year Tax adjustment	0.00	0.00
Net Profit available for appropriation	(128.59)	(100.67)
Provision for Investment Allowance Reserve	Nil	Nil
Net Profit.		
A. Add: Brought forward from last year's balance	(529.45)	(428.78)
B. Less: Transferred to: General Reserve	Nil	Nil
Transfer to Debenture Redemption Reserve	Nil	Nil
Balance Carried forward	(658.04)	(529.45)

PERFORMANCE

As you are aware that Company has been declared Sick undertaking under the provisions of Sick Industrial Company (Special Provisions) Act, 1985, it has become difficult for the company to arrange the funds. As such due to paucity of working capital, company's working is declining. Company is in constant touch with the lenders for an amicable settlement with the lenders through Hon'ble BIFR.

CORPORATE GOVERNANCE

The Board of Directors supports to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance as stipulated under the aforesaid Clause 49, is attached to the Report on corporate governance.

DIRECTORS

Shri K S Kamath will be the Director retiring by rotation and being eligible offer himself for re-appointment at the ensuing Annual General Meeting. Shri Bhaskar Ghosh, Director of the Company vacated office of director under Section 283 of Companies Act, 1956 and subject to the provision of Article 146 of Articles of Association of the Company. Board took note of vacation of office of Director in the Board meeting held on 14.11.2013.

As per the provisions of Section 149 of the Act, which has come into force with effect from 1st April, 2014, an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri G M Shaikh, Shri D K Sinha, Shri Harshad Shah and Shri Tejpal Shah as Independent Directors is being placed before the Members in General Meeting for their approval.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges. Members are requested to refer to the Notice of the Annual General Meeting and Explanatory Statement for details of the qualifications and experience of the Directors and the period of their appointment. The Board recommends passing of Resolutions at Item Nos. 4 to 7 of the Notice of Annual General Meeting.

PARTICULARS OF THE EMPLOYEES

Particulars of the employees as required under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended are not attached with this report since there was no employee who was in receipt of remuneration in excess of limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees), Rules 1975.

CONSERVATION OF ENERGY, R & D TECHNOLOGY ETC.

As required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are annexed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirements under Section 217 (2AA) of the Companies Act, 1956, with respect Directors' Responsibility Statement, it is hereby confirmed:

a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

b) that they have 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 of the profits of the company for that period;

c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevailing the detecting fraud and other irregularities;

d) that they have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. Talati & Talati, Chartered Accountants, Statutory Auditors of the Company, retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their re-appointment.

M/s. Ashish Bhavsar & Associates, Cost Accountants have been appointed for auditing cost accounting records of the Company for the year ending 31st March, 2015. Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under, Members are requested to consider ratification of the remuneration payable to M/s. Ashish Bhavsar & Associates, Cost Accountants.

Due date for filing of the Cost Audit for the financial year 2012-13 was 30th September, 2013. The Company has filed the Reports with the Ministry of Corporate Affairs on 10th September, 2013.

The Company has received letters from Statutory Auditor and Cost Auditor to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

EXPLANATION TO THE AUDITORS' REMARKS

The Directors submit their explanations to the qualifications made by the Auditors in their report for the year 2013-14. Para nos. of Auditors' Report and reply are as under:

Under the head "Basis for Qualified Opinion"

Dues on account of maturity of Foreign Currency Convertible Bonds (FCCB) on 22.09.2011 have been frozen on maturity and accordingly exchange rate fluctuation has not been considered thereafter. Payment of FCCB shall be considered as per the scheme that may be considered by Hon'ble BIFR.

"Para - iii – (c)" of Annexure to Independent Auditors' Report

SAL Steel Ltd was incorporated as backward integration project for Shah Alloys Limited. The finished product of SAL Steel Ltd becomes Raw material for Shah Alloys Ltd. However, due to financial crisis, Shah Alloys Ltd is not functioning on its optimum capacity and as such, SAL Steel Ltd is not getting sufficient orders to optimize its production capacity. This has adversely affected production of the SAL Steel Ltd. Thus accruals for SAL Steel Ltd are not enough to pay back the amount after making payment of interest and installments to its lenders. We are writing letters to SAL Steel Ltd. for recovery of amount but due to financial stress faced by SAL Steel Ltd, they are not able to make the payment. Since the CDR of the Company has been scraped by the lenders, the payment of Inter-Corporate Deposits shall be considered as part of the Scheme that may be considered by the Hon'ble BIFR.

"Para - ix - (a)" of Annexure to Independent Auditors' Report

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

"Para – xi" of Annexure to Independent Auditors' Report

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)(o) of the SICA and was declared so before the due date, i.e., June 2011. On account of sick company status, payments were not made as per CDR. Company has submitted OTS proposal. Once OTS proposal is accepted and implemented through Hon'ble BIFR, company would be able to pay the debts. This will ensure repayment of dues to the lenders, NCDs holders and also FCCB holders.

FIXED DEPOSIT

The Company has not accepted any deposits during the year.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from to time to time on due dates, to the Investor Education and Protection Fund.

The cumulative amount transferred to IEPF up to 31st March, 2014 is ₹ 2 94 608/-.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 9th October, 2013 on the Company's website, as also on the Ministry of Corporate Affairs' website.

REGULATORY STATEMENT

Pursuant to provision of clause 32 of Listing Agreement(s) the Cash Flow Statement for the year ended 31st March, 2014 is annexed hereto.

The equity shares of your company are listed on the following stock exchanges and the listing fees have been paid by the company for the year 2014-15.

BSE Ltd., P. J. Tower, Dalal Street, Mumbai – 400 001.

National Stock Exchange of India Ltd, "Exchange Plaza", Bandra Kurla Complex, C-1, Block-G, Bandra (East), Mumbai – 400 051.

ACKNOWLEDGMENT

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

For and on behalf of the Board

Date: 28th May 2014
Place: Santej

Rajendra V. Shah
(DIN: 00020904)
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

(I) POWER & FUEL CONSUMPTION

		2013-14	2012-13
1	**ELECTRICITY**		
	(a) Purchased		
	Unit (Kwh)	10,02,12,352	10,70,83,025
	Total Amount (₹)	59,58,31,200	72,89,32,581
	Rate / Unit (₹)	5.95	6.81
	(b) Own Generation		
	(i) *Through Diesel Generator Unit (Kwh)*	NIL	NIL
	Unit Per Ltr of Furnace 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
2	**COAL (Including Coal Fines)**		
	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 Tons)	NIL	NIL
	Total Cost (₹)	NIL	NIL
	Average Rate (₹)	NIL	NIL

(II) CONSUMTION PER M.T. OF PRODUCTION

Particulars of Product	2013-14	2012-13
Electricity (in Unit)	1,395	1,378
Furnace Oil	NIL	NIL
Coal (Specify quantity)	NIL	NIL
Others	NIL	NIL

B. TECHNOLOGY ABSORPTION

(I) Research and Development (R & D)	2013-14	2012-13
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	NIL	NIL

(II) Technology absorption, adaptation	2013-14	2012-13
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)

(I) EARNINGS & OUTGO	2013-14	2012-13
a. Earnings	4.87	16.08
b. Outgo	20.60	3.76

For and on behalf of the Board

Date: 28th May 2014
Place: Santej

Rajendra V. Shah
(DIN: 00020904)
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

After a period of 5 years, since the break out of the global financial crisis and with significant liquidity injection by several large economies, the macro data from the developed economies started showing trends of slow improvement during 2013 even though several structural weaknesses still needs to be addressed before these trends can be considered sustainable. Global growth remains below pre-crisis levels and much weaker than during the rebound that took place in 2010 and 2011.

After registering growth rates of 13.3% and 9.9% in FY 10 and FY 11, Indian steel consumption grew at only 5.5% during FY 12 on the back of a slowdown in demand from its key consuming industries namely construction, capital goods and automobiles. The Indian iron or mining industry in undergoing a difficult phase given regulatory intervention in various states. However, there could be a shortage of about 30mt given the on-going challenges in the mining sector.

In 2013, global steel demand grew by 3.6% to 1.48 billion tonnes due to improved performance in the developed economies especially in North America and Euro Zone in the second half of the year. However, growth in emerging markets slowed down in 2013 due to weak demand especially in developed countries and tighter financial conditions. The World crude steel production rose by 3.5% to 1.607 billion tonnes in the year 2013.

In 2013, India remained the 4th largest steel producing country in the world, behind China, Japan and the US. Crude steel production grew by 4.6% to 81.2 million tonnes and steel demand grew by 1.8%. India's GDP growth has slowed down to 5% in 2013 on account of rising inflation and tight monetary controls. This has led to weak domestic steel demand, which grew by 3.3% in 2013 inspite of rise in demand in the last quarter. This has resulted in India becoming the net exporter of steel in Financial Year 2013-14 after a gap of six years. Total steel exports by India during the Financial Year stood at 5.59 million tonnes, as against imports of 5.44 million tonnes as per the report issued by Joint Plant Committee (JPC), a unit of the steel ministry.

According to the Planning Commission of India, the country's steel production is expected to grow by around 60 million tonnes during the Twelfth Five Year Plan (2011-12 to 2016-17). India's domestic steel consumption will continue to grow steadily for several years into future driven by urbanization, favorable demography, GDP growth, refocus on industrialization and stepped-up investments in infrastructure.

Inflation has, since then, moderated, along with an improvement in the fiscal and current account deficit. A good monsoon also enhanced rural demand. The government's clearance of stalled infrastructure projects in the last quarter of FY 2013-14 has improved business sentiments. India's GDP is expected to grow by 5% and steel demand is expected to growth by 3.3% in 2014. The automotive sector (passenger vehicles and commercial vehicles), which grew by -6% in the Financial Year 2013-14, is expected to grow by about 3%-4% in Financial Year 2014-15. Similarly, the construction sector growth is expected to grow by 5% in the next year compared to growth of 1.9% in the Financial Year 2013-14.

COMPANY'S PERFORMANCE AND HIGHLIGHTS

Due to the status of sick undertaking, working of the company has been adversely affected. Performance of the company has been affected due to financial crunch, increase in price in raw materials and non-availability of raw material in time etc. As such due to paucity of working capital, company's working is declining. Company could make optimum use of power under Open Access. As Company is not in position to optimize its full working capacity, Company had reduced its contract demand with discom company and tried to control over fixed expenses.

SWOT ANALYSIS

Strength

- Good Industry experience & knowledge of Promoters.
- Established manufacturing infrastructure.
- Diverse Supplier base.
- Limited players in speciality steel manufacturing domain.
- Backward integration support.
- Long standing contracts for purchase of raw material

Weaknesses

- Heavy debt burden.
- Dependency on third party for raw material.
- High power cost.

Opportunities

- Unexplored Markets.
- Demand visibility is firming up for domestic as well as global market
- Per capital consumption of stainless steel in the country is increasing and application of Stainless Steel is expanding.

Threats

- Rising raw material, fuel and power prices.
- Long tenure of rehabilitation.
- Global economic slow down.
- High Cost of Capital.
- Unforeseen general macro-economic factors and political turmoil.

₹

RISKS AND CONCERNS

Some of the major risks and concerns identified by the Company are:

- Working Capital risks
- Competition risk
- Exchange Rate fluctuation risk
- Government Policy and Political Structure risk
- Debtor risk
- Geographic Concentration risk

The Company is taking appropriate steps to guard against these identified risks.

SEGMENT–WISE PERFORMANCE

Brief highlights of segment–wise financial performance of Company are as under:

(₹ in crores)

PARTICULARS	2013-14	2012-13
TOTAL INCOME	**419.13**	**584.53**
Stainless Steel Plant	419.13	584.53
Medical Store & Lab	NIL	NIL
PROFIT BEFORE TAX	**(186.57)**	**(168.98)**
Stainless Steel Plant	(186.57)	(168.98)
Medical Store & Lab	NIL	NIL
Capital Employed	**(572.89)**	**(445.04)**
Stainless Steel Plant	(572.89)	(445.04)
Medical Store & Lab	NIL	NIL

INTERNAL CONTROL SYSTEM

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

FUTURE OUTLOOK

In Financial Year 2014-15, while greater financial stability is expected in the advanced economies, growth will remain subdued in emerging and developing economies. The lower growth trajectory in China is expected to impact commodity markets adversely, including steel and its raw materials. The situation in Ukraine/Russia may increase steel availability in the rest of the world as 70% of Ukraine's steel production of 35 million tonnes per annum was exported of which ~3.5 million tonnes per annum (15% of exports) was earlier exported to Russia. The economic outlook in Europe is strengthening and the US economy shows strong signs of a better performance going forward.

Financial Year 2013-14 has been a challenging year with subdued economic growth, as a result of higher inflation, higher interest rates, lower industrial growth and lower investments in the country, along with the poor condition of the global economy. However, the Indian economy is expected to perform comparatively well in the coming years. With a stable government at the centre, significant policy changes are anticipated in the near future. The government focus on infrastructure development, more foreign direct investment inflow and more transparency in governance is likely to significantly increase the business confidence in the country.

In 2013, world steel demand grew at 3.6% because of the strengthened recovery in the US markets in the second half of the year. Steel demand in the Euro zone is likely to rise with a 4.5% increase in steel usage in Germany in 2014, 2.6% in Italy, 1.0% in France and 3.0% in Spain. India's steel demand is estimated to grow by 3.3% to 76.2 MT in 2014-15, following 1.8% growth in 2013-14. This is due to improved sentiments for the construction and manufacturing sectors, even though structural issues and persistent inflation continue to pose challenges.

Overall steel demand in developed economies will be above 2% in 2014 and 2015, while that in developing economies will continue to grow faster [Source: World Steel Association, Short Range Outlook, 2014-15]. Improving automobile and consumer durable sectors are expected to raise the flat steel demand compared to last year, while long steel demand is expected to fare relatively better due to an uptick in construction activities and the planned infrastructure growth.

CAUTIONARY NOTE

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

REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The philosophy of Corporate Governance as manifested in the company's functioning is to achieve business excellence by enhancing long term shareholders value and interest. Good corporate governance has always been an integral part of the company's business philosophy. The company attaches significant importance to issue of corporate governance and has always focused on good corporate governance. Your company has consistently made efforts in ensuring transparency, accountability and responsibility in dealing with its Employees, Stakeholders Customers and Community at large.

2) BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate responsibility of the management. The Board consists of Nine directors, comprising two Executive Directors, one Non-Executive Director, four Independent Directors and two Nominee Directors. The Board represents an optimal mix of Professionalism Knowledge and Experience.

NUMBER OF BOARD MEETINGS

Shah Alloys Limited held Four Board Meetings during the year ended 31st March, 2014. These meetings were on the maximum time gap between any two meetings was not more then four calendar months. None of the Directors of the Company was a member of more than ten Committees nor was the Chairman of more than five Committees across all companies in which they are Directors.

The Composition of the Board and other relevant details relating to Directors are given below:-

Name of Director	Category	Numbers of Board Meetings		No. of other Directorships held	Committee Memberships held in other		Whether attended last AGM
		Held during the year	Attended during the Year		as member	as Chairman	companies
Shri Rajendra V.Shah DIN: 00020904	Promoter Non-Executive Chairman	4	4	1	Nil	Nil	No
Shri Kondadi S Kamath DIN: 00261544	Non Promoter Executive Director	4	3	Nil	Nil	Nil	Yes
Shri Ashok A Sharma DIN: 00038360	Non Promoter Wholetime Director	4	4	Nil	Nil	Nil	Yes
Shri G.M. Shaikh DIN: 00367186	Non-Executive & Independent	4	4	Nil	Nil	Nil	Yes
Shri Harshad M. Shah DIN: 01309096	Non-Executive & Independent	4	4	1	1	Nil	No
Shri Tejpal S. Shah DIN: 01195357	Non-Executive & Independent	4	4	1	Nil	Nil	No
Shri N.D.Shah* DIN: 00038437	Non-Executive & Independent	4	0	1	Nil	Nil	No
Shri Dilip Kumar Sinha DIN: 00366192	Non-Executive & Independent	4	3	1	Nil	Nil	No
Shri Bhaskar Ghosh** DIN: 03310783	Non-Executive & Independent	4	0	Nil	Nil	Nil	No
Shri T. R. Sahni DIN: 06381156	Nominee Director of UBI	4	2	Nil	Nil	Nil	No
Shri Arakhita Khandual*** DIN: 00055601	Nominee Director of IDBI	4	0	Nil	Nil	Nil	No
Shri Anoop Sharma *** DIN: 03064488	Nominee Director of IDBI	4	1	1	Nil	Nil	No

* Shri N. D. Shah ceased from Directorship w.e.f. 22nd May, 2013.
** Shri Bhaskar Ghosh vacated from the office of Director w.e.f. 14.11.2013.
*** Shri Anoop Sharma nominated vice Shri Arakhita Khandual w.e.f. 15.11.2013 by IDBI.

BOARD PROCEDURE

The Board meets at least once a quarter to review the Quarterly performance and the financial results. The Agenda for the Board/ committee meeting is generally accompanied by background notes and other materials information which is circulated among the Directors in advance.

During the financial year ended 31st March 2014, Four Board meetings were held - 28.05.2013, 14.08.2013, 14.11.2013, and 10.02.2014.

CODE OF CONDUCT

The Company has already adopted a Code of Conduct for all employees of the Company, including the Managing Director. The Board has also approved a Code of Conduct for the Non-Executive Directors of the Company.

All Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed compliance with the applicable Code of Conduct. A declaration to this effect, signed by the Jt. Managing Director forms part of this report.

The Directors and senior management of the Company have made disclosures to the Board confirming that there are no material financial and/ or commercial transactions between them and the Company that could have potential conflict of interest with the Company at large.

3) AUDIT COMMITTEE

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the provisions of the Companies Act. All members of the Committee are financially literate, with Shri G M Shaikh, Chairman of the Committee, having the relevant accounting and financial management expertise. The Chairman of the Audit Committee is a non executive and independent Director.

The Audit Committee met four times during the year on 28.05.2013, 14.08.2013, 14.11.2013 and 10.02.2014.

The Composition and attendance of Audit Committee Meeting are given below:

Name of Director	Designation	No. of Meetings	Meetings attended
Shri G.M. Shaikh	Chairman	4	4
Shri Rajendra V Shah	Member	4	4
Shri Tejpal Shah	Member	4	3

Chairman of the Audit Committee was present at the last Annual General Meeting of the company.

4) NOMINATION AND REMUNERATION COMMITTEE

The composition of the Committee and the details of Meetings attended by the Directors during the year are given below:

Name of Director	Designation	Category	No. of Meetings	Meetings attended
Shri G.M. Shaikh	Chairman	Independent, Non-Executive	1	1
Shri Tejpal Shah	Member	Independent, Non-Executive	1	1
Shri Harshad Shah	Member	Independent, Non-Executive	1	1

The nomination and remuneration committee has been constituted in place of "Remuneration Committee" to recommend / review the remuneration package of the Managing / Whole Time Directors based on performance and defined criteria.

The Chairman of the Nominations & Remuneration Committee, Shri G M Shaikh was present at the last Annual General Meeting of the Company.

REMUNERATION TO THE DIRECTORS

The details of remuneration paid to Directors for the year ended 31st March, 2014 are as follows:

Name of Director	Sitting Fees ₹	Salaries & Perquisites ₹	Commission ₹	Total ₹
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Kondadi S Kamath	Nil	12 92 400	Nil	12 92 400
Shri Ashok Sharma	Nil	12 00 000	Nil	12 00 000
Shri G. M Shaikh	20 000	Nil	Nil	20 000
Shri Harshad M. Shah	10 000	Nil	Nil	10 000
Shri Natvarlal D. Shah*	Nil	Nil	Nil	Nil
Shri Dilip Kumar Sinha	7 500	Nil	Nil	7 500
Shri Tejpal S. Shah	17 500	Nil	Nil	17 500
Shri Bhaskar Ghosh**	Nil	Nil	Nil	Nil
Shri T. R. Sahni	5 000	Nil	Nil	5 000
Shri Arakhita Khandual***	Nil	Nil	Nil	Nil
Shri Anoop Sharma ***	2 500	Nil	Nil	2 500

- The agreement with Managing Director / Executive Director / Whole Time Director are for period of 5 years.
- The Company does not have a scheme for grant of Stock option to the Directors.

* Shri Natvarlal D. Shah resigned w.e.f 22.05.2013.

** Shri Bhaskar Ghosh vacated office of Director w.e.f. 14.11.2013.

*** Shri Anoop Sharma nominated vice Shri Arkhita Khandual w.e.f. 15.11.2013 by IDBI.

5) STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Committee and the details of Meetings attended by the Directors during the year are given below:

Name of Director	Designation	Category	No. of Meetings	Meetings attended
Shri G.M. Shaikh	Chairman	Independent, Non-Executive	1	1
Shri Tejpal Shah	Member	Independent, Non-Executive	1	1
Shri Ashok Sharma	Member	Executive	1	1

The 'Stakeholders Relationship Committee' was constituted by the Board on 28.05.2014 in place of 'Shareholders'/Investors' Grievance Committee'. The terms of reference of Shareholders' / Investors' Grievance Committee' Committee was conferred on the 'Stakeholders Relationship Committee'.

The Stakeholders Relationship Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' / investors' / security holders' complaints. The Committee also monitors the implementation and compliance with the Company's Code of Conduct for prohibition of Insider Trading. The Stakeholders Relationship Committee's composition and the terms of reference meet with the requirements of Clause 49 of the Listing Agreement and provisions of the Companies Act, 2013.

Name and designation of Compliance Officer:

Vinod Kumar Shah, Company Secretary

No. of shareholders' complaints received during the year : 4

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

No. of pending Complaints : NIL

6) DISCLOSURES

A) All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board. Details of related parties transactions have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related party, which is in conflict with the interest of the company.

B) There is no instance of non-compliance with the requirements of the regulatory authority on a matter relating to the capital market during last three years.

C) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee

D) The company has followed the Accounting standard issued by Institute of Chartered Accountants of India (ICAI) in preparations of financial statement.

7) GENERAL BODY MEETINGS

a. The location and time of the General Meetings held during the last three years is as follows:

Date	Venue	Time	No. of special resolutions passed
September 24, 2011	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad-380060	9.30 AM	—
September 24, 2012	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad-380060	9.30 AM	—
September 24, 2013	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad-380060	9.30 AM	—

All resolutions moved at the last Annual General Meeting were passed by a show of hands by the requisite majority of shareholders present at the meeting

b. No Extra-ordinary General Meeting of the shareholders was held during the year.

c. Postal Ballot: During the year under review, no resolution was put through by Postal Ballot.

8) MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis forms part of this Report and is provided separately elsewhere in this report.

9) MEANS OF COMMUNICATION

1) The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the Performa prescribed by Clause 41 of the Listing Agreement within prescribed time limit.

2) The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the leading national English newspapers. In addition the same are published in local language (Gujarati) newspaper. The same are not sent to the shareholders separately.

3) 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.

10) GENERAL SHAREHOLDER 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 : 24th September, 2014

Time : 9.30 A.M.

Venue : SAL Institute & Engineering Research, Opp Science City, Ahmedabad-380060.

b) Financial Year

The financial year of the Company is 1st April to 31st March.

- **Financial Calendar (tentative & subject to change)**

(a)	First Quarter Results	:	August 2014
(b)	Second Quarter Results	:	November 2014
(c)	Third Quarter Results	:	February 2015
(d)	Fourth Quarter results	:	May 2015

c) Date of Book Closure : 17/09/2014 to 24/09/2014 (Both days inclusive)

d) Listing on Stock Exchange : The National Stock Exchange of India Ltd (NSE) BSE Ltd. (BSE)

The Company has paid the Annual Listing fees to the Stock Exchanges for the financial year 2014-2015.

Stock Code on BSE	:	513436
Stock Code on NSE	:	SHAHALLOYS
Demat ISIN No. for NSDL and CDSL	:	INE 640C01011

e) Monthly Highs and Lows for the period April 2013 to March 2014

(₹ 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' 13	4.98	4.13	5.00	4.45
May' 13	5.70	4.34	5.25	5.00
June' 13	4.78	3.76	5.00	5.00
July' 13	4.67	3.49	5.50	5.50
Aug' 13	5.00	4.38	5.25	5.00
Sept' 13	4.17	3.21	5.40	5.40
Oct' 13	4.04	3.39	5.40	5.40
Nov' 13	4.89	3.31	5.60	4.95
Dec' 13	5.34	4.26	5.25	4.75
Jan' 14	5.20	4.00	5.00	4.15
Feb' 14	5.25	4.47	5.25	4.10
Mar' 14	5.10	3.81	4.25	3.50

f) Registrars & Share Transfer Agents

Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072
Tel: 022- 28470652, Fax: 022- 28475207, Email: info@bigshareonline.com

g) Share Transfer System

As per the SEBI guidelines shares are transferred by the aforesaid Registrars & Transfer Agent. The transfers are normally processed within 10-12 days from the date of receipt, if the documents are complete in all respects.

As Company has not received any physical share certificate for transfer, there was no share transferred in the physical form during the year.

h) Secretarial Audit

a. Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates have been issued, on a half-yearly basis, by a Company Secretary in practice, certifying due compliance of share transfer formalities by the Company.

b. A Company Secretary in practice carries out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

i) Distribution and Shareholding Pattern as on 31.03.2014

No. of equity shares held	No. of Folios	%	No. Shares	%
Upto 500	7216	82.57	1327138	6.70
501 - 1000	781	8.94	641802	3.24
1001 - 2000	378	4.33	580394	2.93
2001 - 3000	124	1.42	317560	1.61
3001 - 4000	62	0.70	221423	1.12
4001 - 5000	36	0.41	168346	0.85
5001 - 10000	75	0.86	540914	2.73
10001 and above	67	0.77	15999963	80.82
Total	**8739**	**100.00**	**19797540**	**100.00**
No. of shareholders in physical mode	1742		508232	2.57
No. of shareholders in electronic mode	6997		19289308	97.43

j) Shareholding pattern as on 31.03.2014 is as follows

Category	No. of Shares	%
Promoters	10620306	53.64
Directors / Relatives	108940	0.55
Indian Public	4411882	22.29
Domestic Companies	2777701	14.03
Nationalized Bank/ Insurance Company	1746624	8.82
NRI	132087	0.67
Total	**19797540**	**100.00**

k) Dematerialization of shares and liquidity : 97.43 % of the paid-up capital has been dematerialized as on 31.03.2014.

l) Outstanding GDRs/ADRs/ Warrants or any Convertible Instruments, conversion dates and likely impact on equity : None

m) Plant Locations : 2221/2222, Shah Industrial Estate, Sola-Kalol Road, Santej, Ta. Kalol, Dist. Gandhinagar-382721

n) Shareholders' correspondence should be addressed to :

[1] **Bigshare Services Pvt. Ltd.**
E-2/3, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai 400 072.
Email: info@bigshareonline.com

[2] **Regd.Office :**
5/1, Shreeji House, B/H.M.J.Library,
Ashram Road, Ahmedabad - 380 006.

[3] **Corp. Office :**
Shah Alloys Limited
Corporate House, Sola-Kalol Road, Santej,
Ta. Kalol, Dist. Gandhinagar-382 721.

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

ANNEXURE TO CORPORATE GOVERNANCE REPORT

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

I hereby declare that the Directors and Senior Officer of the Company have exercised their authorities and power and discharged their duties and functions in accordance with requirement of the Code of Conduct as prescribed by the Company and have adhered to the provisions of the same.

For, SHAH ALLOYS LIMITED

Place: Santej
Date: 28.05.2014

K. S. Kamath
(DIN: 00261544)
Jt. Managing Director

CERTIFICATION

(Pursuant to Clause 49 V of Listing Agreement)

To
The Board of Directors

I hereby certify that:

a. I have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March 2014 and that to the best of my knowledge and belief:
   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.

d. I have indicated to the auditors and the Audit committee -
   i. significant changes in internal control over financial reporting during the year;
   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For, SHAH ALLOYS LIMITED

Place: Santej
Date: 28.05.2014

K. S. Kamath
(DIN: 00261544)
Jt. Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
Members
Shah Alloys Limited

We have examined the compliance of the conditions of Corporate Governance by Shah Alloys Limited for the year ended 31st March, 2014 as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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 an opinion on the financial statements of the Company.

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.

We state that no investor grievances are pending for period exceeding one month against the Company, as per the records maintained by Shareholder/ Investors Grievance Committee and certified by the Company.

On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with all material respect by the Company.

For, K. K. PATEL AND ASSOCIATES
Company Secretaries

Place : Gandhinagar
Date : 28.05.2014

Kiran Kumar Patel
PROPRIETOR
CP No. 6352

INDEPENDENT AUDITORS' REPORT

To the Members of
M/S. SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Financial Statements

We have audited the accompanying financial statements of M/s SHAH ALLOYS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dates 13th September 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds(FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2014, which constitutes a departure from the AS- 11, "The Effects of Changes in Foreign Exchange Rates" Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dates 13th September 2013, which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2014. The Company's record indicate that had management done the provision , the Exchange loss for the financial year 2013-14 would have been more by ₹ 8,46,61,018/-. Accordingly, loss for the current financial year 2013-14 has been under-stated by ₹ 8,46,61,018/- and reserves and surplus has been overstated by ₹ 16,72,21,262/-.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the 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:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
(b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Emphasis Of Matter

We draw your attention to Note No 36 to the financial statements, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   d. *except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013*;
   e. On the basis of the written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For, Talati & Talati
Chartered Accountants
Firm Regn No.: 110758W

Umesh Talati
Partner
Membership No.: 034834

Place: Ahmedabad
Date: May 28, 2014

Annexure to Independent Auditors' Report

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

i. In respect of its Fixed Assets

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

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

(c) According to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.

ii. In respect of its inventories:

(a) As explained to us, inventories (excluding goods in transit) were physically verified by the management at reasonable intervals during the year.

(b) In our opinion & according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable & adequate in relation to the size of the company & nature of its business.

(c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. 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 or taken by the company to / from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:

(a) According to the information & explanations given to us and on the basis of records produced before us, the company has granted a loan to a company in earlier years, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 80,00,00,000/- and the year-end balance of loan granted to such party is ₹ 80,00,00,000/-.

(b) In our opinion, the rate of interest and other terms and conditions on which loan has been granted to the company listed in the register maintained under section 301 of the Act are not prejudicial to the interest of the company.

(c) *On the basis of information and explanation given to us and on the basis of records produced before us in respect of loans granted by the company in the earlier years to a party covered under the register maintained under section 301 of the Companies Act, 1956, recovery of the said loan has been fixed by the Corporate Debt Restructuring (CDR) Cell. As per the terms of CDR, the company has to recover ₹ 10,00,00,000/- in the financial year 2011-12 ; ₹ 20,00,00,000/- in the financial year 2012-13 and ₹ 20,00,00,000/- in 2013-14, totaling to ₹ 50,00,00,000 as at March 31, 2014 . However till date, the company has not recovered the same.*

(d) Based on our audit procedures and the information and explanation made available to us, reasonable steps have been taken by the Management of the company for recovery of the principal amount.

(e) According to information and explanation given to us and on the basis of records produced before us during the Year 2013-14, the company has taken loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956 amounting to ₹ 16,08,51,000. The Maximum amount involved during the year is ₹ 16,01,72,787 and the year-end balance of loans taken from such parties is ₹ 14,81,72,787.

(f) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from the parties listed in the register maintained under section 301 of the Act are not prejudicial to the interest of the company.

(g) On the basis of records produced before us and on the basis of information and explanation given to us and as per the schedule stipulated for the terms and condition in respect of loans taken by the company, the repayment of the said loan is not due for repayment during 2013-14.

iv. In our opinion & according to the information & explanations given to us, there are adequate internal control systems commensurate with the size of the company & nature of its business for the purchase of inventory, fixed assets and also for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls systems.

v. In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956:

(a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.

(b) In our opinion, and according to information and explanation given to us, the transactions of Purchase of goods and materials, sale of goods and materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to ₹ 5,00,000/- or more in respect of each party, have been made at prices which are reasonable, having regard to the prevailing market prices for such goods, materials & services or the prices at which the transactions for similar goods, materials & services have been made with other parties.

vi. According to information and explanation given to us, the Company has not accepted any deposit from the public during the year. Therefore, the provisions of Clause (vi) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

vii. The Company has appointed internal auditors and has carried out internal audit during the year. In our opinion the scope needs to be strengthened to make it commensurate with the size of the company & the nature of its business.

viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

ix. In respect of the Statutory dues:

(a) According to the records of the company, *undisputed Statutory dues including provident fund, employees State Insurance, Investors Education & Protection Fund, Income-tax, Wealth-tax, Service Tax, Sales-tax, Customs duties, excise duty, Cess and other statutory dues have not been generally regularly deposited during the year with the appropriate authorities.* On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six months from the date of becoming 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 Income Tax, Sales Tax, Excise and Service Tax dues aggregating to ₹ 40,79,95,054/- (Net of Payments) that have not been deposited as on 31st March, 2014 on account of matters pending before 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 involved (in ₹)
1	Income Tax Act, 1961	Income Tax	1997-98	Gujarat High court	1 30 000/-
2	Sales Tax Act	Sales Tax	1995-96	Deputy commissioner of Sales Tax (Tribunal) Ahmedabad	6 99 000/-
3	Gujarat Value Added Tax Act, 2003	Value Added Tax	2006-07	Deputy Commissioner, VAT Ahmedabad	4 06 27 791/-
4	Gujarat Value Added Tax Act, 2003	Value Added Tax	2007-08	Deputy Commissioner, VAT Ahmedabad	33 91 08 911/-
5	Central Excise Act, 1944	Excise Duty and Service Tax	2004-05 to to 2013-14	Central Excise & Service tax Appellate Tribunal / Joint / Deputy Commissioner of Central Excise	2 74 29 352/-

x. The company's accumulated losses at the end of financial year are more than fifty percent of its net worth. It has incurred cash losses amounting to ₹ 156 64 00 658/- during the current year and the company has incurred ₹ 138 07 80 940/- cash losses in the immediately preceding previous year.

xi. *Consequent upon the sanction of the restructuring package given under CDR mechanism by banks & financial institution, the company was required to start repaying the loans sanctioned by banks/institutions and debenture holders from June 2011 onwards, however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL and Non convertible Debentures are as under:*

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Term Loan	2011-12	17 37 96 292	730-1005 days
	2012-13	19 60 41 787	365-640 days
	2013-14	19 60 41 790	1-270 days
Working Capital Term Loan from Bank	2011-12	18 64 03 089	730-1005 days
	2012-13	22 36 83 707	365-640 days
	2013-14	22 36 83 707	1-270 days
Non Convertible Debenture	2011-12	10 41 66 667	730-1005 days
	2012-13	12 50 00 000	365-640 days
	2013-14	12 50 00 000	1-270 days

As per the CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards , the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures(NCD) has to be serviced as and when due.

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD). The Amount and the period of default are as listed under:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on Term Loan	2011-12	12 04 69 127	730-1066 days
	2012-13	15 73 65 814	365-700 days
	2013-14	13 33 73 691	1-335 days
Interest on Working Capital Term Loan	2011-12	14 95 31 027	730-1066 days
	2012-13	17 89 46 966	365-700 days
	2013-14	17 89 46 953	1-335 days
Interest on Non Convertible Debenture	2011-12	8 18 90 411	730-1066 days
	2012-13	9 80 00 000	365-700 days
	2013-14	9 80 00 000	1-335 days

As per the terms of the CDR, Principal and Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of Principal and interest on FITL. The amount and the period of default are as mentioned below:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Funded Interest Term Loan(FITL)	2013-14	13 37 23 870	1-90 days
Interest on Funded Interest Term Loan(FITL)	2010-11	4 31 63 185	1096-1339 days
	2011-12	7 98 16 025	730-1066 days
	2012-13	8 25 18 348	365-700 days
	2013-14	7 71 66 458	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on working capital facilities	2010-11	22 69 93 827	1096-1369 days
	2011-12	37 17 47 750	730-1066 days
	2012-13	39 44 65 648	365-700 days
	2013-14	44 18 08 307	1-335 days

Moreover, the Company, in September 2006, has raised US $ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due on 22nd September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till 22nd September, 2011 which has been adjusted against Security Premium in accordance with Section 78 of the Companies Act, 1956.

However, the company has defaulted in repayment of the foreign currency convertible bond (FCCB) dues on its maturity. The default is subsisting since 921 days .

xii. In our opinion & according to the information & explanation given to us, no loans & advances have been granted by the company on the basis of security by way of pledge of shares, debentures & other securities.

xiii. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society, etc. Therefore, the provisions of Clause (xiii) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.

xiv. According to the information & explanations given to us, the company is not dealing or trading in shares, securities debentures & other investments. Therefore, the provisions of Clause (xiv) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company

xv. In our opinion, the terms & conditions on which the company has given guarantee for loans taken by others from Banks or financial institutions are not prejudicial to the interest of the company.

xvi. According to the information & explanations given to us, the Company has not raised any term loan during the year under audit.

xvii. According to the information and explanations given to us and on an overall examination of the financial statements and other records of the company and after placing reliance on the reasonable assumptions made by the company, we are of the opinion that funds raised on short term basis have not been used for long term investment.

xviii. During the period covered under audit report, the company has not made any preferential allotment of shares to the parties and Companies covered in the register maintained under section 301 of the Act.

xix. During the period covered under audit report, the company has not issued any debentures accordingly the provisions of clause (xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

xx. During the period covered under audit report, the company has not raised any money by way of public issue during the year.

xxi. In our opinion and according to the information and explanations given to us and based on the management representation, no material fraud on or by the company has been noticed or reported during the financial year covered by the audit.

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

Umesh Talati
Partner
Membership No: 034834

Place: Ahmedabad
Date: May 28, 2014

Cash Flow Statement for the year ended 31st March 2014

(Pursuant to the listing Agreement with Stock Exchange)

(Amount in ₹)

	Particulars	2013-14		2012-13	
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit (Loss) before Tax and Extraordinary items		(1 86 74 49 060)		(1 68 92 14 822)
	Adjustments for				
	Depreciation	29 92 67 373		30 64 04 587	
	Unrealised Foreign (Gain) / Loss	(24 70 796)		14 43 792	
	Interest expenses	93 47 40 462		92 35 86 862	
	Interest Income	(29 55 575)		(1 02 55 345)	
			1 22 85 81 464		1 22 11 79 896
			(63 88 67 596)		(46 80 34 926)
	Operating Profit Before Working Capital Changes				
	Adjustments for :				
	Trade and other receivables	42 78 64 719		44 39 27 912	
	Inventories	19 28 93 856		4 99 10 730	
	Trade Payable and others	3 59 82 284		(10 92 89 275)	
			65 67 40 859		38 45 49 367
	Cash Generated From Operations		1 78 73 263		(8 34 85 559)
	Direct Taxes Paid		0		0
	Cash Flow Before Extraordinary Items		1 78 73 263		(8 34 85 559)
	Less: Prior period items		(17 81 029)		5 62 280
	Net Cash from Operating Activities (A)		**1 96 54 292**		**(8 40 47 839)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Sales of Investment	10 000		0	
	Interest Income	29 55 575		1 02 55 345	
			29 65 575		1 02 55 345
	Net Cash from Investing Activities (B)		**29 65 575**		**1 02 55 345**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from Long term Borrowings (Net of repayments)	92 18 56 231		90 10 84 716	
	Proceeds from Bank/ FIS borrowings for Working Capital.	(1 18 18 750)		7 39 57 000	
	Interest Paid	(93 47 40 462)	(2 47 02 981)	(92 35 86 862)	5 14 54 854
	Net Cash from Financing Activities (C)		**(2 47 02 981)**		**5 14 54 854**
	Net Increase in Cash and Equivalent.(A+B+C)		(20 83 114)		(2 23 37 640)
	Cash And Cash Equivalents as at the Beginning of the year		84 57 980		3 07 95 620
	Cash And Cash Equivalents as at the Close of the year		63 74 866		84 57 980
	Note:				
	Cash & Bank balances		**2013-14**		**2012-13**
	a) Balance with Banks				
	- In Current accounts		10 13 395		49 60 860
	- In EEFC accounts		0		2 15 069
	b) Cash on hand		9 68 471		9 04 443
	c) Earmarked balances with bank (unpaid dividend)		0		2 94 608
	d) Other bank balances				
	- In Margin Money		43 93 000		20 83 000
	Total		**63 74 866**		**84 57 980**

As per our Report of even date

For, Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : May 28, 2014

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

Rajendra V. Shah	(DIN 00020904)	Chairman
K.S. Kamath	(DIN 00261544)	Jt. Managing Director
Ashok Sharma	(DIN 00038360)	Whole Time Director
Yashpal Mehta		V.P. & CFO
Vinod Kumar Shah		Company Secretary

Place : Santej
Date : May 28, 2014

Balance Sheet as at 31st March, 2014

(Amount in ₹)

	Note No.	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES			
(1) **Shareholders' Funds**			
(a) Share Capital	3	19 79 75 400	19 79 75 400
(b) Reserves and Surplus	4	(5 93 01 19 031)	(4 64 42 30 449)
		(5 73 21 43 631)	(4 44 62 55 049)
(2) **Non-Current Liabilities**			
(a) Long Term Borrowings	5	3 40 03 29 426	4 15 40 51 666
(b) Other Long Term Liabilities	6	11 56 49 000	17 05 00 000
(c) Long Term Provisions	7	1 21 75 337	1 47 30 592
		3 52 81 53 763	4 33 92 82 258
(3) **Current Liabilities**			
(a) Short Term Borrowings	8	3 17 23 79 144	3 18 41 97 894
(b) Trade Payables	9	1 18 50 92 636	1 14 95 17 665
(c) Other Current Liabilities	10	6 62 52 60 144	4 89 63 37 641
(d) Short Term Provisions	11	3 95 12 284	3 75 13 545
		11 02 22 44 208	9 26 75 66 745
TOTAL		**8 81 82 54 340**	**9 16 05 93 954**
II. ASSETS			
(1) **Non-Current Assets**			
(a) Fixed Assets	12		
(i) Tangible Assets		2 15 58 04 024	2 45 50 71 397
(ii) Capital work-in-progress		18 31 84 363	18 31 84 363
(b) Non-Current Investments	13	39 94 96 276	39 95 06 276
(c) Long Term Loans and Advances	14	10 24 99 175	30 24 99 175
(d) Deferred Tax Assets (Net)	15	3 63 73 42 447	3 05 75 62 998
		6 47 83 26 285	6 39 78 24 209
(2) **Current Assets**			
(a) Inventories	16	1 05 50 85 690	1 24 79 79 546
(b) Trade Receivables	17	31 07 81 266	67 85 12 814
(c) Cash and Bank Balances	18	63 74 866	84 57 980
(d) Short Term Loans and Advances	19	96 74 50 046	82 77 51 024
(e) Other Current Assets	20	2 36 187	68 381
		2 33 99 28 055	2 76 27 69 745
TOTAL		**8 81 82 54 340**	**9 16 05 93 954**
The accompanying notes are an integral part of these financial statements.	1 to 41		

As per our Report of even date
For, Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : May 28, 2014

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

Rajendra V. Shah	(DIN 00020904)	Chairman
K.S. Kamath	(DIN 00261544)	Jt. Managing Director
Ashok Sharma	(DIN 00038360)	Whole Time Director
Yashpal Mehta		V.P. & CFO
Vinod Kumar Shah		Company Secretary

Place : Santej
Date : May 28, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

(Amount in ₹)

		Note No.	Year ended on 31st March 2014	Year ended on 31st March 2013
I.	Revenue from operations	22	4 68 59 20 483	6 52 82 27 778
	Less: Excise duty		(49 46 48 035)	(68 28 91 046)
			4 19 12 72 448	5 84 53 36 732
II.	Other income	23	4 16 18 758	4 11 70 843
III.	**Total revenue (I + II)**		**4 23 28 91 206**	**5 88 65 07 575**
IV	**EXPENDITURE**			
	Cost of materials consumed	24	2 99 86 31 227	4 08 49 29 028
	Changes in inventories of finished goods & work-in-progress.	25	20 61 21 243	(5 18 22 508)
	Employee benefits expense	26	20 96 41 403	25 07 92 191
	Finance costs	27	93 47 40 462	92 35 86 862
	Depreciation and Amortization Expense		29 92 67 373	30 64 04 587
	Other Expenses	28	1 45 19 38 558	2 06 18 32 237
	Total Expenses		**6 10 03 40 266**	**7 57 57 22 397**
V	**Profit / (Loss) before exceptional items and tax (III-IV)**		**(1 86 74 49 060)**	**(1 68 92 14 822)**
VI	Prior period items	29	(17 81 029)	5 62 280
VII	**Profit / (Loss) before tax (V-VI)**		**(1 86 56 68 031)**	**(1 68 97 77 102)**
VIII	**Tax expense**			
	Deferred tax		(57 97 79 449)	(68 30 30 646)
IX	**Profit / (Loss) for the period (VII-VIII)**		**(1 28 58 88 582)**	**(1 00 67 46 456)**
X	**Earnings per equity share of face value of ₹ 10 each**	30		
	Basic & Diluted		(64.95)	(50.85)
	The accompanying notes are an integral part of these financial statements.	1 to 41		

As per our Report of even date
For, Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : May 28, 2014

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

Rajendra V. Shah	(DIN 00020904)	Chairman
K.S. Kamath	(DIN 00261544)	Jt. Managing Director
Ashok Sharma	(DIN 00038360)	Whole Time Director
Yashpal Mehta		V.P. & CFO
Vinod Kumar Shah		Company Secretary

Place : Santej
Date : May 28, 2014

Notes to financial statement for the year ended 31st March 2014

1 1.1 CORPORATE INFORMATION

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. It is one of the key suppliers to many renowned companies in India and overseas. It exports various products to more than 50 countries around the world. Company has been successful in developing protection Armour Steel which is mainly required for defense purpose. Company has been registered with Defense Research and Development Organization as approved vendor and it is expected that good business will be available to the company. To reduce the cost of power, company has been making efforts to purchase power through Open Access which would be cheaper than the present cost of power.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles in India, the provisions of the Companies Act 1956 , and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Use of Estimates

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

2.2 Revenue Recognition

Sales are stated net of rebate and trade discount and include Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. this usually occurs upon dispatch, after the price has been determined. Export Benefits are accounted / recognized on accrual basis. Dividend income is recognized when right to receive is established. Interest income is recognized on accrual basis

2.3 Excise Duty

Excise Duties recovered are included in the sale of products & then shown as deduction on the face of Statement of Profit & Loss Excise duties in respect of Finished Goods lying in stock/bonded warehouse are shown separately under the head "Other expenses" and included in the valuation of finished goods.

2.4 Valuation of Inventories

Inventories of Raw Materials and Stores are valued at cost or net realizable value whichever is lower after considering the credit of VAT and Cenvat. Inventories of finished goods are valued at lower of cost or net realizable value, including excise duties at the applicable rates.

Cost of Finished Goods and semi finished goods are valued at lower of cost or net realizable value. Cost of finished goods is determined using weighted average price method. Cost includes cost of material consumed, labour and systematic allocation of fixed and variable production overheads.

2.5 Fixed Assets

Tangible Fixed Assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation [other than "freehold land" where no depreciation is charged] and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.

Capital work in progress includes cost of assets at sites, construction expenditure, for acquisition of capital assets.

Pre-operative expenditure & trial run expenditure on the Project is capitalized amongst the various heads of fixed assets on the commencement of commercial production of respective project.

2.6 Depreciation and Amortization

Depreciation has been provided on Fixed Assets on Straight Line Method (other than mentioned in point (a) below as per the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

(a) Depreciation in respect of Plant and Machineries has been provided on the basis of triple shift working. (Except for H.R. Plate Mill, Cold Rolling Mill & Sheet Coil Project on which depreciation has been provided on single shift working on the basis of certificate received from management) Depreciation in respect of fixed assets acquired/ put to use during the year is charged on pro-rata basis with reference to the date of installation of the fixed assets.

(b) No Depreciation has been provided in respect of assets whose accumulated depreciation exceeds 95% of original cost.

2.7 Cash flow statement

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

2.8 Investments

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

2.9 **Foreign currency transactions**

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Profit and Loss Account.

2.10 **Employee Benefits**

(a) **Short Term**

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

(b) **Long Term**

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.

(c) **Defined Contribution Plans**

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

(d) **Defined Benefit Plans**

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

(e) **Other Employee Benefit**

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

2.11 **Borrowing cost**

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

2.12 **Taxation**

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

2.13 **Impairment of Assets**

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

2.14 **Earning per share**

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average num-ber of Equity Shares issued during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

2.15 **Provisions, Contingent Liability and Contingent Asset**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

Notes forming part of the Financial Statements

Note 3 : SHARE CAPITAL	As at March 31, 2014	As at March 31, 2013
The Authorised, Issued, Subscribed and fully Paid up Share Capital comprises of equity shares having a par value of ₹10 each as follows:		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	35 00 00 000	35 00 00 000
Total	**35 00 00 000**	**35 00 00 000**
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	19 79 75 400	19 79 75 400
[It comprises of 1,977,500 equity shares of ₹ 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depositary Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	**19 79 75 400**	**19 79 75 400**

a) Reconciliation of Number of Shares

Equity Shares	As at March 31, 2014		As at March 31, 2013	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Shares outstanding at the beginning of the year	1 97 97 540	19 79 75 400	1 97 97 540	19 79 75 400
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	**1 97 97 540**	**19 79 75 400**	**1 97 97 540**	**19 79 75 400**

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 March 31, 2014		As at March 31, 2013	
	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

(Amount in ₹)

Note 4 : RESERVES & SURPLUS	As at March 31, 2014	As at March 31, 2013
i) Capital Reserve	500	500
	500	**500**
ii) Security Premium Reserve	5 02 61 008	5 02 61 008
	5 02 61 008	**5 02 61 008**
iii) Debenture Redemption Reserve	60 00 00 000	60 00 00 000
	60 00 00 000	**60 00 00 000**
iv) Surplus / (Deficit) in Statement of Profit & Loss		
As per Last Balance Sheet	(5 29 44 91 957)	(4 28 77 45 501)
Add:Loss during the year	(1 28 58 88 582)	(1 00 67 46 456)
	(6 58 03 80 539)	**(5 29 44 91 957)**
Total (i) + (ii) + (iii) + (iv)	**(5 93 01 19 031)**	**(4 64 42 30 449)**

Note 5 : LONG TERM BORROWINGS	As at March 31, 2014	As at March 31, 2013
(A) SECURED :		
I) Debentures		
-Non Convertible Debentures	52 08 33 334	64 58 33 334
II) Term Loans		
a) From Banks		
-Rupee Term Loan	53 12 01 190	97 13 69 688
-Funded Interest Term Loan	69 04 10 766	120 35 14 830
-Working Capital Term Loan	75 96 19 611	115 56 99 152
b) From Financial Institutions		
-Rupee Term Loan	28 56 39 581	4 15 12 875
-Funded Interest Term Loan	24 56 56 324	0
-Working Capital Term Loan	17 23 95 833	0
	320 57 56 639	**401 79 29 879**
(B) UNSECURED:		
Inter Corporate Deposits		
From Related Parties	8 97 00 000	1 25 00 000
From Others	4 64 00 000	7 00 00 000
Loans & Advances from related parties		
From Directors	5 84 72 787	5 36 21 787
	19 45 72 787	**13 61 21 787**
Total	**340 03 29 426**	**415 40 51 666**

(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

Financial Year	Rate of Interest	
	9%	10%
2015-16	2 50 00 000	10 00 00 000
2016-17	2 50 00 000	10 00 00 000
2017-18	2 50 00 000	10 00 00 000
2018-19	2 50 00 000	10 00 00 000
2019-20	41 66 667	1 66 66 667

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

Particulars	Default in repayment of principal (₹)	Period of default	Default in payment of principal (₹)	Period of default
2011-12	10 41 66 667	730-1005 days	8 18 90 411	730-1066 days
2012-13	12 50 00 000	365-640 days	9 80 00 000	365-700 days
2013-14	12 50 00 000	1-270 days	9 80 00 000	1-335 days
Total	**35 41 66 667**		**27 78 90 411**	

II) **Term Loan from Bank / Financial Institution**

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.

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2019.

Terms of repayment for term loans are as set out below **(Amount in ₹)**

Particulars	2015-16	2016-17	2017-18	Beyond 2017-18
Rupee term Loan (Rate of Interest @ 10 %)	12 74 88 287	12 74 88 287	12 74 88 287	14 87 36 329
Term Loans from Financial Institution (Rate of Interest @ 8.75 %)	6 85 53 500	6 85 53 500	6 85 53 500	7 99 79 081
Working Capital Term Loan from Bank (Rate of Interest @ 10%)	18 23 08 707	18 23 08 707	18 23 08 707	21 26 93 490
Working Capital Term Loan from Financial Institution (Rate of Interest @ 10 %)	4 13 75 000	4 13 75 000	4 13 75 000	4 82 70 833
Funded Interest Term Loan from Bank (Rate of Interest @ 6 %)	19 72 60 219	19 72 60 219	19 72 60 219	9 86 30 109
Funded Interest Term Loan from Financial Institution (Rate of Interest @ 6 %)	7 01 87 521	7 01 87 521	7 01 87 521	3 50 93 761
Total	**61 69 85 714**	**61 69 85 714**	**61 69 85 714**	**58 83 09 843**

The company has made a default in repayment as follows:

Particulars	*Period* to which default relates	Default in repayment of principal (₹)	*Period of* default	Default in repayment of interest (₹)	*Period of* default
Rupee term Loan from Bank	2011-12	16 71 00 665	730-1005 days	11 57 69 349	730-1066 days
	2012-13	18 80 07 037	365-640 days	15 17 41 489	365-700 days
	2013-14	14 94 39 852	1-270 days	12 77 49 366	1-335 days
Term Loans from Financial Institution	2011-12	66 95 627	730-1005 days	46 99 778	730-1066 days
	2012-13	80 34 750	365-640 days	56 24 325	365-700 days
	2013-14	4 66 01 938	1-270 days	56 24 325	1-335 days
Working Capital Term Loan from Bank	2011-12	18 64 03 089	730-1005 days	14 95 31 027	730-1066 days
	2012-13	22 36 83 707	365-640 days	17 89 46 966	365-700 days
	2013-14	21 33 39 957	1-270 days	17 89 46 953	1-335 days
Working Capital Term Loan from Financial Institution	2013-14	1 03 43 750	0-1 days	0	
Funded Interest Term Loan from Bank	2010-11	0		4 31 63 185	1096-1339 days
	2011-12	0		7 98 16 025	730-1066 days
	2012-13	0		8 25 18 348	365-700 days
	2013-14	11 13 54 730	1-90 days	7 71 66 458	1-335 days
Funded Interest Term Loan from Financial Institution	2013-14	2 23 69 140	1-90 days		
Total		**133 33 74 242**		**120 12 97 594**	

(B) UNSECURED

Deposits

The company has taken inter corporate deposit during the year from two related paries as mentioned herewith: SAL Care Pvt ltd of ₹ 15,20,00,000 and SAL Hospital & Medical Institute of ₹ 40,00,000 . This party is covered under the register maintained under section 301 of the Companies Act , 1956.

Loan from Directors

Loans from Director are interest free .The amount of loan is repayable after a period of 1 year from the date of Balance Sheet. The Company has taken an unsecured loan from related Party of ₹ 48,51,000/- during the year. This party is covered under the register maintained under section 301 of the Companies Act , 1956.

(Amount in ₹)

Note 6 : OTHER LONG TERM LIABILITIES	As at March 31, 2014	As at March 31, 2013
Trade Deposits	11 56 49 000	17 05 00 000
Total	**11 56 49 000**	**17 05 00 000**

Note 7 : LONG TERM PROVISIONS	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits		
- Gratuity	1 21 75 337	1 47 30 592
Total	**1 21 75 337**	**1 47 30 592**

Note 8 : SHORT TERM BORROWINGS	As at March 31, 2014	As at March 31, 2013
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	241 26 11 243	318 41 97 894
From Financial Institution	75 97 67 901	0
Total	**317 23 79 144**	**318 41 97 894**

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

Cash Credit Facilities

Hypothecation first charges on company's entire stocks of raw material, stock in progress, finished goods, book debts/receivables and all current assets stored in the company's factory premises, at all plants and / or elsewhere including those in transit covered by documents of title thereto, local and export usance bill ranking pari-passu in favor of all the working capital banks. Second charge on the entire movable and immovable assets both present and future on pari-passu basis. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah.

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

Particulars	Period to which default relates	Default in payment of interest on working capital facilities (₹)	Period of default
Interest on Working capital facilities	2010-11	22 69 93 827	1096-1369 days
	2011-12	37 17 47 750	730-1066 days
	2012-13	39 44 65 648	365-700 days
	2013-14	44 18 08 307	1-335 days
Total		**143 50 15 532**	

(Amount in ₹)

Note 9 : Trade Payables	As at March 31, 2014	As at March 31, 2013
Due to Micro, Small and Medium Enterprises *	0	0
Other than Micro, Small and Medium Enterprises	118 50 92 636	114 95 17 665
Total	**118 50 92 636**	**114 95 17 665**

* 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.

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:	As at March 31, 2014	As at March 31, 2013
- SAL Steel Limited	22 96 58 507	7 19 16 397
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	26 65 798	72 56 449
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	5 17 689	3 12 558

Note 10 : OTHER CURRENT LIABILITIES	As at March 31, 2014	As at March 31, 2013
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	12 50 00 000	12 50 00 000
- Term Loan from Banks	12 74 88 287	18 80 07 037
- Working Capital Term Loan from Banks	18 23 08 706	22 36 83 706
- Working Capital Term Loan from Financial Institutions	4 13 75 000	0
- Term Loan from Financial Institutions	6 85 53 500	80 34 750
- Funded Interest Term Loan from Bank	19 72 60 219	13 37 23 870
- Funded Interest Term Loan from Financial Institutions	7 01 87 521	0
	81 21 73 233	**67 84 49 363**
(b) Interest accrued & due on Borrowings	261 34 09 622	179 17 78 381
	261 34 09 622	**179 17 78 381**
(c) Income received in Advance	5 76 75 129	3 15 32 605
(d) Unpaid Dividends*	0	2 94 608
(e) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	35 41 66 666	22 91 66 666
- Interest Accrued on Matured Non Convertible Debentures	55 20 74 103	47 20 74 103
	90 62 40 769	**70 12 40 769**
(f) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	48 82 05 000	48 82 05 000
Add: Premium Payable on FCCB	23 55 83 323	23 55 83 323
	72 37 88 323	**72 37 88 323**
(g) Other Payables		
- Term Loan from Bank	38 46 54 183	36 81 16 935
- Working Capital Term Loan from Banks	51 65 41 337	41 00 86 795
- Working Capital Term Loan from Financial Institution	11 72 29 166	0
- Term Loan from Financial Institution	19 42 34 919	1 47 30 375
- Funded Interest Term Loan from Bank	9 86 30 110	0
- Funded Interest Term Loan from Financial Institution	3 50 93 760	0
- Statutory Dues Payable**	5 40 28 918	5 76 86 738
- Deferred Sales Tax Liability	6 71 98 787	6 71 98 787
- Unpaid Expenses	4 22 67 306	5 14 33 962
- Book overdraft	20 94 582	0
	151 19 73 068	**96 92 53 592**
Total	**662 52 60 144**	**489 63 37 641**

The Company, in September 2006, has raised US $ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share , at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 78 of Companies Act, 1956.

Since Bond holders have yet not exercised the option no further interest has been accounted for. Accordingly Foreign Currency Convertible Bonds (FCCB) is due for repayment to Bond Holders. However, no payment has been made to Bond Holders.

* Liability towards Investors Education and Protection Fund u/s 205C of the Companies Act 1956 (not due as on 31.03.2013)

** It includes amount in the nature of Statutory dues such as withholding taxes, service tax, VAT, Excise duty, etc.

(Amount in ₹)

Note 11 : SHORT TERM PROVISIONS	As at March 31, 2014	As at March 31, 2013
Provision for Employee Benefits		
- Gratuity	22 22 789	28 72 558
- Leave Encashment	54 12 223	54 12 223
- Others*	3 18 51 242	2 91 95 114
Others		
- Provision for Wealth Tax	26 030	33 650
Total	**3 95 12 284**	**3 75 13 545**

* It includes bonus & other incentives to employees

Note 12 : FIXED ASSETS

Tangible Assets

(Amount in ₹)

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 2012	**4 22 81 653**	**22 76 72 041**	**3 26 91 753**	**5 16 72 69 123**	**49 16 603**	**4 03 53 434**	**2 10 22 662**	**1 97 24 274**	**5 55 59 31 543**
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2013	**4 22 81 653**	**22 76 72 041**	**3 26 91 753**	**5 16 72 69 123**	**49 16 603**	**4 03 53 434**	**2 10 22 662**	**1 97 24 274**	**5 55 59 31 543**
Addition	0	0	0	0	0	0	0	0	0
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2014	**4 22 81 653**	**22 76 72 041**	**3 26 91 753**	**5 16 72 69 123**	**49 16 603**	**4 03 53 434**	**2 10 22 662**	**1 97 24 274**	**5 55 59 31 543**
Depreciation									
As at 1st April 2012	**0**	**6 59 61 028**	**22 58 517**	**2 66 91 28 814**	**39 23 423**	**3 10 14 157**	**1 26 40 634**	**95 28 986**	**2 79 44 55 559**
Charge for the year	0	73 67 309	5 32 876	29 36 45 671	2 33 539	26 71 037	7 56 401	11 97 754	30 64 04 587
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2013	**0**	**7 33 28 337**	**27 91 393**	**2 96 27 74 485**	**41 56 962**	**3 36 85 194**	**1 33 97 035**	**1 07 26 740**	**3 10 08 60 146**
Charge for the year	0	73 67 313	5 32 876	28 71 05 847	2 33 539	21 20 673	7 16 074	11 91 051	29 92 67 373
Disposal / Adjustments	0	0	0	0	0	0	0	0	0
As at 31st March 2014	**0**	**8 06 95 650**	**33 24 269**	**3 24 98 80 332**	**43 90 501**	**3 58 05 867**	**1 41 13 109**	**1 19 17 791**	**3 40 01 27 519**
Net Block									
As at 31st March 2013	**4 22 81 653**	**15 43 43 704**	**2 99 00 360**	**2 20 44 94 638**	**7 59 641**	**66 68 240**	**76 25 627**	**89 97 534**	**2 45 50 71 397**
As at 31st March 2014	**4 22 81 653**	**14 69 76 391**	**2 93 67 484**	**1 91 73 88 791**	**5 26 102**	**45 47 567**	**69 09 553**	**78 06 483**	**2 15 58 04 024**

Capital work-in-progess	31.03.2014	31.03.2013
Plant & Machinery	12 59 00 355	12 59 00 355
Amount of borrowing cost capitalized	5 72 84 008	5 72 84 008
Total	**18 31 84 363**	**18 31 84 363**

Notes:

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

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

(Amount in ₹)

Note 13 : NON CURRENT INVESTMENTS	As at March 31, 2014	As at March 31, 2013
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	39 94 96 276	39 94 96 276
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Other Investments		
Unquoted		
Investment in Government securities		
National Savings Certificate	0	10 000
(Deposited with Sales Tax Department)		
Total	**39 94 96 276**	**39 95 06 276**

Aggregate amount of Quoted Investment and Market Value ₹ 4,62,93,193/- (P.Y. ₹ 6,41,44,817/-)

Aggregate amount of Unquoted Investment ₹ Nil /- (P.Y. ₹ 10,000/-)

Note 14 : LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As at March 31, 2014	As at March 31, 2013
Security Deposits	24 99 175	24 99 175
Loans & advance to related parties		
- Inter corporate loan*	10 00 00 000	30 00 00 000
Total	**10 24 99 175**	**30 24 99 175**

* The company has advanced an interest free Intercorporate loan in earlier years to its Associate Concern.

Note 15 : DEFERRED TAX ASSETS (NET)	As at March 31, 2014	As at March 31, 2013
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	247 02 43 183	224 17 22 586
Unabsorbed Capital Loss	0	27 569
On account of disallowances under the Income tax act, 1961	154 65 80 626	124 00 48 536
Gross deferred tax asset (A)	**401 68 23 809**	**348 17 98 691**
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	37 94 81 362	42 42 35 693
Gross deferred tax liability (B)	**37 94 81 362**	**42 42 35 693**
Net Deferred Tax (A-B)	**363 73 42 447**	**305 75 62 998**

Note 16 : INVENTORIES (valued at lower of cost or net realizable value)	As at March 31, 2014	As at March 31, 2013
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	9 83 55 165	12 11 74 608
ii) In Transit	9 06 16 092	80 40 461
Work in Progress	15 75 08 514	22 96 05 939
Finished Goods	32 12 15 757	45 52 39 575
Stores & spares	38 73 90 162	43 39 18 963
Total	**105 50 85 690**	**124 79 79 546**

(Amount in ₹)

Note 17 : TRADE RECEIVABLES	As at March 31, 2014	As at March 31, 2013
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	6 11 70 638	5 53 30 188
Others	24 96 10 628	62 31 82 626
Doubtful	1 05 84 179	1 11 27 320
Total	32 13 65 445	68 96 40 134
Less: Provision for claim / Doubtful debts	1 05 84 179	1 11 27 320
Total	**31 07 81 266**	**67 85 12 814**

Sundry Debtors include dues from Associate concerns	2013-14	2012-13
- Kesar SAL Hospital (A Division of Adarsh Foundation)	0	15 54 407
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	0	23 870
- SAL College of Engineering (A Division of Adarsh Foundation)	22 734	0
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	13 686	7 70 78 336

Note 18 : CASH AND BANK BALANCES	As at March 31, 2014	As at March 31, 2013
Cash & Cash Equivalents		
a) Balance with Banks :		
- In Current accounts	10 13 395	49 60 860
- In EEFC accounts	0	2 15 069
b) Cash on hand	9 68 471	9 04 443
c) Earmarked balances with bank (unpaid dividend)	0	2 94 608
d) Other bank balances:		
- In Margin Money *	43 93 000	20 83 000
Total	**63 74 866**	**84 57 980**

* Margin Money deposits with a carrying amount of ₹ 43 93 000/- (P.Y.: ₹ 20 83 000) are given as margin against bank guarantee

Note 19 : SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As at March 31, 2014	As at March 31, 2013
Loans & advances to related parties		
- Intercorporate Loan	70 00 00 000	50 00 00 000
Others		
Advances to suppliers	6 94 14 427	6 74 62 640
Balances with government authorities	15 27 83 089	20 83 25 667
Prepaid expenses	9 43 411	10 57 183
Deposits	2 74 44 141	3 39 50 226
Other Loans and Advance*	1 68 64 978	1 69 55 308
Total	**96 74 50 046**	**82 77 51 024**

* Includes Loan & advances given to Employees

(Amount in ₹)

Note 20 : OTHER CURRENT ASSETS	As at March 31, 2014	As at March 31, 2013
Interest Accrued		
- On Deposits	2 36 187	61 531
- On N.S.C.	0	6 850
Total	**2 36 187**	**68 381**

Note 21 : CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As at March 31, 2014	As at March 31, 2013
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	274 15 93 040	275 13 12 692
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	207 50 00 000	207 50 00 000
- Bank guarantee given	42 83 294	20 83 000
(c) Other money for which the company is contingently liable		
- Disputed Income Tax Demand (net of Payment)	1 30 000	1 30 000
- Disputed sales tax demand (net of Advance)	38 04 35 702	38 04 35 702
- Disputed matter with excise and service tax	2 74 29 352	2 30 71 251

Note 22 : REVENUES FROM OPERATION	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
I. Sale of Products		
Manufactured Goods		
- Domestic	4 60 43 18 388	6 32 67 80 334
- Export	5 11 61 958	16 66 89 608
	4 65 54 80 346	**6 49 34 69 942**
II. Sale of service		
- Job work	2 89 32 005	2 37 16 752
	2 89 32 005	**2 37 16 752**
III. Other Operating Revenues		
- Export incentive	15 08 132	1 10 41 084
	15 08 132	**1 10 41 084**
Total	**4 68 59 20 483**	**6 52 82 27 778**

Note 22.1 : Particulars of Sale of Products	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Sales of Iron & Steel		
- Round / Bright / TMT Bars	7 94 63 044	15 27 99 901
- S.S.Flats	93 09 11 715	1 33 95 84 510
- M.S/ S.S./ A.S Plate	1 82 30 88 097	1 74 98 19 182
- M.S/S.S.H.R.Coil, SS C.R. Coil	1 76 58 16 677	3 14 09 19 289
- S.S. Slab, Billets, Ingots etc	5 62 00 813	11 03 47 060
Total	**4 65 54 80 346**	**6 49 34 69 942**

(Amount in ₹)

Note 23 : OTHER INCOMES	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Interest Income	29 55 575	1 02 55 345
VAT credit recovered	3 25 39 798	2 78 48 202
Miscellaneous Income	2 48 880	0
Sundry Balances Written off (Net)	28 04 219	0
Other Non operating income		
- Foreign Exchange Fluctuation Gain (Net)	30 70 286	30 67 296
Total	**4 16 18 758**	**4 11 70 843**

Note 24 : COST OF MATERIAL CONSUMED	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Opening Stock	12 92 15 069	20 36 18 528
Purchases	3 05 83 87 415	4 01 05 25 569
	3 18 76 02 484	4 21 41 44 097
Less :Closing Stock	18 89 71 257	12 92 15 069
Total	**2 99 86 31 227**	**4 08 49 29 028**

Note 25 : CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK-IN-TRADE.	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
A) Opening Stocks		
- Finished Goods	45 52 39 575	49 67 34 399
- Work in process	22 96 05 939	13 62 88 607
Sub-Total (A)	**68 48 45 514**	**63 30 23 006**
B) Less: Closing Stocks		
- Finished Goods	32 12 15 757	45 52 39 575
- Work in process	15 75 08 514	22 96 05 939
Sub-Total (B)	**47 87 24 271**	**68 48 45 514**
Total (A)-(B)	**20 61 21 243**	**(5 18 22 508)**

Note 26 : EMPLOYEES BENEFIT EXPENSES	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Salaries & Wages	20 10 00 891	23 55 32 301
Contribution to Provident & Other Funds	58 08 175	76 80 182
Staff Welfare Expenses	28 32 337	75 79 708
Total	**20 96 41 403**	**25 07 92 191**

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

Defined Contribution Plan

Contribution to defined contribution plan, recognised as expense for the year are as under:

Particulars	2013-14	2013-14
Employer's Contribution to Provident Fund	57 89 455	76 61 462
Contribution for Key Managerial Person	18720	18 720

The Company's Provident Fund is exempted under section 17 of Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Conditions for grant of exemption stipulate that the employer shall make good deficiency, if any, in the interest rate declared by the trust vis-a-vis statutory rate.

Defined Benefit Plan

The Company has adopted Accounting Standard 15 (AS-15) (Revised) "Employee Benefits" which is mandatory from accounting periods starting from Dec 7, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per Projected Unit Credit Method.

I. Reconciliation of opening and closing balance of Defined Benefit Obligation (Amount in ₹)

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Opening defined benefit obligation	1 76 03 150	1 84 32 659
Excess / Short provision	0	0
Service cost	17 24 226	25 23 488
Interest cost	12 65 154	14 50 244
Actuarial (Gain) / Loss	(22 26 482)	(20 61 308)
Benefits paid	(39 67 922)	(27 41 933)
Closing defined benefit obligation	**1 43 98 126**	**1 76 03 150**

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

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Opening fair value of plan assets Expected return Actuarial Gain / (Loss) Employer contribution Benefits paid Closing fair value of plan assets	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Fair value of plan assets Present value of obligation Amount recognised in balance sheet	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded

IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '26')

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Service cost	17 24 226	25 23 488
Interest cost	12 65 154	14 50 244
Expected return on plan assets	0	0
Actuarial (Gain) / Loss	(22 26 482)	(20 61 308)
Net cost included in 'Employee Benefit Expense'	**7 62 898**	**19 12 424**

(Amount in ₹)

V. Investment Details

Particulars	% invested	
	2013-14 (%)	2012-13 (%)
Public sector securities Special deposit schemes State Govt. securities FDR with banks Balance with banks Total	Not applicable as Gratuity Liability is not funded	Not applicable as Gratuity Liability is not funded

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2013-14	2012-13
Mortality Table (LIC)	1994-96	1994-96
Discount rate (per annum)	9.10%	8.10%
Expected rate of return on plan assets (per annum)	0.00%	0.00%
Rate of escalation in salary (per annum)	7.00%	7.00%

VII. Amount for the current and previous four year are as follows:- (Amount in ₹)

Gratuity (Unfunded)	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Defined Benefit obligation	1 43 98 126	1 76 03 150	1 84 32 659	1 78 63 505	1 56 34 897
Plan asset	0	0	0	0	0
Surplus/(deficit)	(1 43 98 126)	(1 76 03 150)	(1 84 32 659)	(1 78 63 505)	(1 56 34 897)
Experience adjustment on plan liability	(8 75 657)	(27 09 878)	(30 24 713)	(3 00 181)	0
Experience adjustment on plan assets	0	0	0	0	0

VIII. Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2013-14 to the defined contribution plan.However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

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

(Amount in ₹)

Note 27 : FINANCE COSTS	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
(1) Interest expenses		
(a) Term loans		
- From Banks	38 38 62 777	41 32 06 803
- From Financial institution	56 24 325	56 24 325
(b) Working capital facilities	44 18 08 307	39 44 90 074
(c) Debentures	9 80 00 000	9 80 00 000
(d) Others	23 41 882	40 37 618
	93 16 37 291	**91 53 58 820**
(2) Other Borrowing Cost	31 03 171	82 28 042
Total	**93 47 40 462**	**92 35 86 862**

(Amount in ₹)

Note 28 : OTHER EXPENSES	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Consumption of stores & spare parts	60 58 45 097	99 63 15 743
Power & fuel	59 58 31 200	72 89 32 581
Factory Labour expense	6 56 94 540	7 59 82 031
Freight and handling changes	9 16 38 158	9 58 05 934
Provision for Excise Duty on finished goods	(1 56 40 326)	(35 75 586)
Factory Expenses	30 25 151	93 90 463
Repairs and maintenance :		
- to Factory Building	15 36 252	28 05 315
- to Plant & Machinery	1 28 36 724	1 41 07 656
- to Others	36 11 904	81 79 060
	1 79 84 880	**2 50 92 031**
Donation	6 901	42 253
Selling costs	40 86 385	53 12 880
Packing Cost	78 21 173	1 47 14 080
Freight outward expenses	4 46 45 766	7 15 16 874
Travelling & conveyance	70 33 230	1 11 10 275
Legal, Consultancy and Professional Fees	64 35 881	81 32 742
Miscellaneous expenses	90 05 162	86 53 733
Advertisement, Stationery and Communication	35 74 835	64 83 752
Payment to Auditors #	8 61 000	8 26 000
Rent	11 49 600	11 49 600
Rates and Taxes	8 67 375	14 80 483
Insurance	20 72 550	18 74 792
Provision for Bad debt / Doubtful Loan & Advances	0	17 93 680
Sundry Balances Written off (Net)	0	7 97 896
Total	**1 45 19 38 558**	**2 06 18 32 237**

# Payment to Auditors :	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
As Auditor		
- Statutory Audit	6 50 000	6 50 000
For other services	2 11 000	1 76 000
Total	**8 61 000**	**8 26 000**

Note 29 : PRIOR PERIOD ITEM	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
(a) Debit relating to earlier years	7 46 735	5 62 280
(b) Credit relating to earlier years	25 27 764	0
Total	**(17 81 029)**	**5 62 280**

Note 30 : EARNING PER SHARE	Unit	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Net profit / (Loss) for the year attributable to Equity Shareholders	₹	(1 28 58 88 582)	(1 00 67 46 456)
Weighted Average Number of Equity Shares outstanding	Nos.	1 97 97 540	1 97 97 540
Basic & Diluted earnings per share (face value of ₹ 10 each)	₹	(64.95)	(50.85)

Note 31: INFORMATION REGARDING STOCK

a) Capacity (As Certified by Management)

Class of products	Annual Licensed capacity (MT)		Annual Installed Casting (MT)	
	2013-14	2012-13	2013-14	2012-13
S.S.Flats, Bars & Castings, Hot Rolled M.S. Plates, S.S. H.R. Coil	N.A	N.A	3 00 000	3 00 000

b) Production

Class of products	2013-14 Qty. (MT)	2012-13 Qty. (MT)
1. Finished Goods		
(a) Round / Bright / TMT Bars	1 867.241	1 324.635
(b) S.S.Flats	12 262.864	18 443.642
(c) M.S/ S.S./ A.S Plate	34 629.756	20 168.298
(d) M.S/S.S.H.R.Coil, S.S C.R. Coil	21 502.395	35 511.187
2. Semi-Finished Goods		
S.S. Slab, Billets, Ingots etc	1 551.455	2 283.949
TOTAL	71 813.711	77 731.711

c) Turnover (Exluding Trading Turnover)

Class of Goods	2013-14		2012-13	
	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)
1. Finished Goods				
(a) Round / Bright / TMT Bars	1 081.589	7 94 63 044	1 701.910	15 27 99 901
(b) S.S.Flats	13 168.890	93 09 11 715	18 281.915	1 33 95 84 510
(c) M.S/ S.S./ A.S Plate	32 273.415	1 82 30 88 097	20 865.781	1 74 98 19 182
(d) M.S/S.S.H.R.Coil, S.S C.R. Coil	23 137.983	1 76 58 16 677	35 649.115	3 14 09 19 289
2. Semi-Finished Goods				
S.S. Slab, Billets, Ingots etc	1 453.620	5 62 00 813	285.720	11 03 47 060
TOTAL	**71 115.497**	**4 65 54 80 346**	**76 784.441**	**6 49 34 69 942**

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2013		As at 01-04-2012		As at 31-03-2014		As at 31-03-2013	
	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)
1. Finished Goods								
(a) Round/Bright/TMT Bars	199.248	1 76 05 581	576.523	3 65 36 397	984.900	4 42 43 637	199.248	1 76 05 581
(b) S.S.Flats	906.865	5 62 58 752	745.138	4 48 13 278	0.839	33 806	906.865	5 62 58 752
(c) M.S/ S.S./ A.S Plate	1 051.468	5 90 61 780	1 748.951	11 33 63 276	3 407.809	14 66 13 684	1 051.468	5 90 61 780
(d) M.S/S.S.H.R.Coil, S.S C.R. Coil	3 510.180	27 22 35 488	3 648.108	24 83 67 888	1 874.592	9 58 86 982	3 510.180	27 22 35 488
(e) Excise Duty on Finished Goods		5 00 77 974		5 36 53 560		3 44 37 648		5 00 77 974
2. Semi-Finished Goods								
S.S. Slab, Billets, Ingots etc	4 001.012	22 96 05 939	2 002.783	13 62 88 607	4 098.847	15 75 08 514	4 001.012	22 96 05 939
TOTAL	**9 668.773**	**68 48 45 514**	**8 721.503**	**63 30 23 006**	**10 366.987**	**47 87 24 271**	**9 668.773**	**68 48 45 514**

e) **Consumption of Raw materials**

Particulars	2013-14		2012-13	
	Quantity (MT)	Amount (in ₹)	Quantity (MT)	Amount (in ₹)
Scrap	72 394.606	1 86 06 46 807	64 330.545	2 02 32 61 186
Ferro Chrome	8 081.781	62 45 54 469	15 574.405	1 13 71 38 609
Others	6 306.931	51 34 29 951	12 404.637	92 45 29 233
TOTAL	**86 783.318**	**2 99 86 31 227**	**92 309.587**	**4 08 49 29 028**

f) **Value of imports calculated on C.I.F. basis during the financial year in respect of** (Amount in ₹)

Particulars	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Raw Materials	18 42 03 521	1 16 34 743
Stores & Spares	2 14 83 110	2 31 57 940

g) **Expenditure in foreign currency during the financial year**

Particulars	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
Travelling Expenses	0	8 09 212
Commission on Export Sales.	3 43 793	17 86 750
Other Expenses	0	2 54 315

h) **Value of Raw Materials, Stores, Chemical & Spares consumed during the year**

Particulars	2013-14		2012-13	
	Amount (in ₹)	% of consumption	Amount (in ₹)	% of consumption
Raw Material-Manufacturing Activity				
Imported	7 28 60 372	2.43%	1 25 20 250	0.31%
Indigenous	2 92 57 70 855	97.57%	4 07 24 08 778	99.69%
Total	**2 99 86 31 227**	**100.00%**	**4 08 49 29 028**	**100.00%**
Stores & Spare parts				
Imported	2 29 95 943	3.80%	2 47 42 382	2.48%
Indigenous	58 28 49 154	96.20%	97 15 73 361	97.52%
Total	**60 58 45 097**	**100.00%**	**99 63 15 743**	**100.00%**

i) **Earning in Foreign Exchange**

Particulars	For the Year ended on 31st March 2014	For the Year ended on 31st March 2013
FOB Value of exports	4 87 95 993	16 07 64 578

Note 32 : SEGMENT DISCLOSURES FOR THE YEAR ENDED 31/03/2014

I) Primary Segment Business

(Amount in ₹)

REVENUE	Stainless Steel Unit		Medical Stores & Pathology Laboratory Unit		Total	
	31/03/2014	31/03/2013	31/03/2014	31/03/2013	31/03/2014	31/03/2013
Domestic	4 63 32 50 393	6 35 04 97 086		0	4 63 32 50 393	6 35 04 97 086
Export (Incl. Export Incentives)	5 26 70 090	17 77 30 692	0	0	5 26 70 090	17 77 30 692
Total Sales	**4 68 59 20 483**	**6 52 82 27 778**	**0**	**0**	**4 68 59 20 483**	**6 52 82 27 778**
Add: Inter Segment Sales	0	0	0	0	0	0
Total Segment Revenue	**4 68 59 20 483**	**6 52 82 27 778**	**0**	**0**	**4 68 59 20 483**	**6 52 82 27 778**
Result						
Segment Result	(93 09 27 569)	(76 51 40 240)	0	0	(93 09 27 569)	(76 51 40 240)
Less:						
Interest	93 47 40 462	92 35 86 862	0	0	93 47 40 462	92 35 86 862
Unallocable Other Exp.	0	0	0	0		10 50 000
Profit Before Taxation	(1 86 56 68 031)	(1 68 87 27 102)	0	0	(1 86 56 68 031)	(1 68 97 77 102)
Income Tax						
Current Tax			0	0	0	0
Short Provision for earlier years written off.			0	0	0	0
Deferred Tax			0	0	(57 97 79 449)	(68 30 30 646)
Net Profit			0	0	(1 28 58 88 582)	(1 00 67 46 456)
Other Information						
Segment Assets	8 81 66 54 682	9 04 65 02 161	0	10 79 17 584	8 81 66 54 682	9 15 44 19 745
Segment Liabilities	14 54 55 28 857	13 60 23 15 995	0	24 92 173	14 54 55 28 857	13 60 48 08 168
Capital Expenditure	0	0	0	0	0	0
Depreciation	29 92 67 373	30 64 04 587	0	0	29 92 67 373	30 64 04 587
Non Cash Expenses other than Depreciation	0	0	0	0	0	0

The company has disclosed business segment as the primary segment. Segments have been identified taking into account the nature of products, differing risks and returns and the organisation structure. The expenses, which are not directly attributable to the business segments, are shown as unallocated expenses.

II) Information about Secondary Geographical Segments

(Amount in ₹)

Particulars	Year Ended 31/03/2014	Year Ended 31/03/2013
Revenue by Geographical Segment		
India	4 67 48 69 151	6 39 16 67 929
Outside India	5 26 70 090	17 77 30 692
Total	**4 72 75 39 241**	**6 56 93 98 621**
Addition to Fixed Assets and Intangible Assets		
India	0	28 360
Outside India	0	0
Carrying Amount of Fixed assets		
India	2 15 58 04 024	2 45 50 71 397
Outside India	0	0

Notes:

1) **Geographical Segments considered for disclosures are as follows :**
Sales within India include Sales to customer located within India.
Sales outside India include Sales to customers located outside India

2) **Revenue comprises**

Sales	468 59 20 483
Other Income	4 16 18 758
Total	**472 75 39 241**

Note 33 : RELATED PARTY DISCLOSURES

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below

i) Concern where significant interest exists

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

ii) Key Management Personnel and Relatives

1	Mr. Rajendra V. Shah	Chairman
2	Mr. K. S. Kamath	Jt. Managing Director
3	Mr. Ashok Sharma	Whole Time Director

iii) Disclosure of Related Party Transactions **(Amount in ₹)**

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2013-14	2012-13	2013-14	2012-13
1	Purchase of goods & Services	9 57 461	1 15 36 355	0	0
2	Purchase of Power	27 99 56 300	36 77 00 000	0	0
3	Sales of Goods	12 33 43 148	45 34 46 382	0	0
4	Rent paid	9 60 000	9 60 000	19 600	19 600
5	Loan Availed	15 60 00 000	1 25 00 000	48 51 000	50 00 000
6	Loan Repaid	7 88 00 000	0		
7	Remuneration to Directors	0	0	24 92 400	24 92 400

iv) Disclosures of material transactions with related parties during the year

Sr. No.	Description	Related Parties	Amount in ₹
1	Purchase of Goods & Services	SAL Steel Ltd	2 36 300
		SAL Pharmacy	2 05 131
		SAL Hospital & Medical Institute	5 16 030
2	Purchase of power	SAL Steel Ltd	27 99 56 300
3	Sales of goods	SAL Steel Ltd	12 33 20 414
		SAL College of Engineering	22 734
4	Rent paid	SAL Steel Ltd	9 60 000
		Mr. Rajendra V Shah	9 600
		Rajendra V Shah HUF	10 000
5	Remuneration to Directors	Mr. K S Kamath	12 92 400
		Mr. Ashok Sharma	12 00 000
6	Loan Availed	Mr. Rajendra V Shah	48 51 000
		SAL Care Pvt Ltd.	15 20 00 000
		SAL Hospital & Medical Institute	40 00 000
7	Loan Repaid	SAL Corporation Pvt. Ltd.	1 00 00 000
		SAL Hospital & Medical Institute	40 00 000
		SAL Care Pvt Ltd.	6 48 00 000

34. 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.

35. Corporate Debt Restructuring (CDR) Cell through their lead bank, Union Bank of India had sanctioned a comprehensive debt restructuring scheme vide their letter No. BY.CDR (ABP) No. 1084 dated 22.1.2008. As per scheme company was supposed to make monthly payment of interest & installment by 01st October 2009. Looking to prevailing condition and reciprocal obligation not fulfilled by the CDR lenders & consequential losses incurred by the company in the year 2008, company had again approached CDR Cell for extension of moratorium period and CDR Cell had approved the rework proposal of the company vide their letter dated BY.CDR (ABP) NO.380/2009-10 dated 03-07-2009. The principal terms of the 2nd CDR Scheme and its compliances are as under:

a) Deferring repayment of Term loan ₹ 1,56,05,13,132/- Working capital term loan ₹ 1,77,82,65,205/- and Non Convertible Debentures ₹ 1,00,00,00,000/- for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.

b) Interest for the moratorium period i.e. up to May 2011 shall be converted into Funded interest term loan (FITL) carrying interest rate of 6% p.a. repayable in 20 equal quarterly installments commencing from December 2013 quarter. Interest on FITL shall be serviced as and when due.

Consequent upon the sanction of the restructuring package, the company had to start repaying the aforesaid loans sanctioned by banks/institutions and debenture holders from June 2011 onwards however the company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Term Loan, WCTL , Non convertible Debentures and FITL are as under:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Term Loan	2011-12	17 37 96 292	730-1005 days
	2012-13	19 60 41 787	365-640 days
	2013-14	19 60 41 790	1-270 days
Working Capital Term Loan	2011-12	18 64 03 089	730-1005 days
	2012-13	22 36 83 707	365-640 days
	2013-14	22 36 83 707	1-270 days
Non Convertible Debenture	2011-12	10 41 66 667	730-1005 days
	2012-13	12 50 00 000	365-640 days
	2013-14	12 50 00 000	1-270 days
Funded Interest Term Loan (FITL)	2013-14	13 37 23 870	1-90 days

As per the CDR Terms, Interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) had to be parked up to May 2011 into a separate account called Funded Interest Term loan (FITL). However, from June 2011 onwards , the interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures(NCD) has to be serviced as and when due.

However, the company has defaulted in payment of interest on Term Loan, Working capital term loan (WCTL) and Non convertible debentures (NCD) . The Amount and the period of default are as listed under:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on Term Loan	2011-12	12 04 69 127	730-1066 days
	2012-13	15 73 65 814	365-700 days
	2013-14	13 33 73 691	1-335 days
Interest on Working Capital Term Loan	2011-12	14 95 31 027	730-1066 days
	2012-13	17 89 46 966	365-700 days
	2013-14	17 89 46 953	1-335 days
Interest on Non Convertible Debenture	2011-12	8 18 90 411	730-1066 days
	2012-13	9 80 00 000	365-700 days
	2013-14	9 80 00 000	1-335 days

As per the terms of the CDR, Interest on funded interest term loan (FITL) was required to be paid as and when it was due. The company has made the default in payment of interest on FITL. The amount and the period of default are as mentioned below:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on Funded Interest Term Loan(FITL)	2010-11	4 31 63 185	1096-1339 days
	2011-12	7 98 16 025	730-1066 days
	2012-13	8 25 18 348	365-700 days
	2013-14	7 71 66 458	1-335 days

As per the terms of the CDR, Interest on working capital facilities was required to be paid as and when it was due. The company has made the default in payment of interest on the working capital facilities. The amount and the period of default are as mentioned below:

Particulars	Period to which the default relates	Default (Amount in ₹)	Period for which the default subsists
Interest on working capital facilities	2010-11	22 69 93 827	1096-1369 days
	2011-12	37 17 47 750	730-1066 days
	2012-13	39 44 65 648	365-700 days
	2013-14	44 18 08 307	1-335 days

c) Rate of interest on Term Loan, Non Convertible Debenture and WCTL will be 10% p.a. for the term lenders who are presently charging more than 10% p.a. payable monthly. Existing rates will continue for those lenders who are charging less than 10% p.a. payable monthly and FITL will carry interest at the rate of 6 % per annum.

d) The company had extended an inter corporate loan of ₹ 95,00,00,000/- to SAL Steel Limited in earlier years out of which at present, the balance outstanding is ₹ 80,00,00,000/-. The terms of the Repayment of the same amount of is ₹ 10,00,00,000/- in FY 2012, ₹ 20,00,00,000/- each in FY 2013 to 2015 and ₹ 10,00,00,000/- in FY 2016.The company shall make all efforts to bring back the amount faster. The Monitoring committee shall monitor the same on half yearly basis.

As per the terms of the CDR, the company had to recover ₹ 10,00,00,000/- in FY 2012 ₹ 20,00,00,000/- in FY 2013 and 20,00,00,000 in FY 2014 from SAL Steel Ltd. However, the company has not received / recovered the same from SAL Steel Ltd.

As per the terms of the CDR, the company has brought in Promoters' contribution during the year 2009-10.

36. Secured Borrowings from the below mentioned banks have been transferred / assigned to financial institution together with all their rights, title and interest in the financial documents and any underline security interest/pledges and /or guarantees in respect of such loans

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank Ltd	31/12/2012	Asset Reconstruction Company (India) Ltd
IDBI Bank Limited	28/03/2014	Asset Reconstruction Company (India) Ltd
Bank of Baroda	26/03/2014	Edelweiss Assets Reconstruction Company Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with ARCIL.

37. The company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its order number 13/2010 dated 31st August, 2010 has declared that the company has become sick industrial company u/s 3(1)(o) of SICA. [Sick Industrial Companies (Special Provision) Act, 1985]

38. Balances of Secured Loan, Unsecured Loans, Bank balances, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.

39. Certain balance of Debtors, Loans and Advances and Creditors are non moving/ slow moving since long, however in view of the management the same is recoverable / payable and hence no provision for the same is made in the books of accounts.

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

Particulars	As at March 31, 2014	As at March 31, 2013
Advance payment to suppliers		
Rupees	6 37 53 868	0
US Dollar	10 60 800	0
Advance payment to suppliers		
Rupees	55 48 414	69 09 983
US Dollar	92 320	1 22 280
Euro	0	3 780
Receivables against export of goods		
Rupees	36 74 362	1 27 76 300
US Dollar	61 138	2 34 905
Advance received from customers		
Rupees	25 89 558	94 25 892
US Dollar	39 285	1 73 304
Euro	2 767	0
FCCB Payable (Including Interest)		
Rupees	72 37 88 323	72 37 88 323
US Dollar	1 48 25 500	1 48 25 500

41. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year as per revised Schedule-VI.

As per our report attached to the Balance Sheet

Signatures to Notes 1-41

The accompanying notes are an integral part of these financial statements.

As per our Report of even date

For, Talati & Talati

Chartered Accountants

FRNo: 110758W

Umesh Talati

Partner

M.No. 34834

Place : Ahmedabad

Date : May 28, 2014

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

Rajendra V. Shah	(DIN 00020904)	Chairman
K.S. Kamath	(DIN 00261544)	Jt. Managing Director
Ashok Sharma	(DIN 00038360)	Whole Time Director
Yashpal Mehta		V.P. & CFO
Vinod Kumar Shah		Company Secretary

Place : Santej

Date : May 28, 2014

SHAH ALLOYS LIMITED

CIN: L27100GJ1990PLC014698

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

ATTENDANCE SLIP

DP Id* _____ Folio No. _____

Client Id* _____ No. of Shares _____

NAME AND ADDRESS OF THE SHAREHOLDER : _____

I hereby record my presence at the **24TH ANNUAL GENERAL MEETING** of the Company held on Wednesday, 24th September, 2014 at 9:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380 060.

_____

Signature of Shareholder / Proxy

*Applicable for investors holding shares in electronic (demat) form.

SHAH ALLOYS LIMITED

CIN: L27100GJ1990PLC014698

Registered Office : 5/1, Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380006.

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 _____

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the Company, to be held on Wednesday, 24th September, 2014 at 9:30 a.m. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO	RESOLUTIONS	S.NO	RESOLUTIONS
	ORDINARY BUSINESS		**SPECIAL BUSINESS**
1	Adoption of financial statements for the year ended on 31st March , 2014	4	Appointment of Shri G M Shaikh as an Independent Director
		5	Appointment of Shri Dilip Kumar Sinha as an Independent Director
2	Reappointment of Shri K S Kamath as Director	6.	Appointment of Shri Harshad M. Shah as an Independent Director
3	Appointment of Talati & Talati as Statutory Auditor and fix their remuneration	7.	Appointment of Shri Tejpal Shah as an Independent Director
		8.	Ratification of Remuneration of the Cost Auditor

Signed this _____ day of _____ 2014 _____

Signature of First proxy holder	Signature of Second proxy holder	Signature of Third proxy holder	**Signature**

Affix Revenue Stamp

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

SHAH ALLOYS

If undelivered please return to :
Corporate office

Shah Alloys Limited

Corporate House, Sola-Kalol Road,
Santej - 382721, Ta. Kalol, Dist. Gandhinagar
www.shahalloys.com