



S.A.L STEEL LIMITED

Admn. Office :

Shah Alloys Corporate House,
Sola - Kalol Road, Santej, Ta. Kalol,
Dist. Gandhinagar- 382721
Phone : 02764 - 661100
Fax : 02764 - 661110

Regd. Office :

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

01.09.2015

Date :

01/09/2015

Ref. No. :

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

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

BSE Scrip Code: 532604

NSE Symbol - SALSTEEL

Dear Sir,

Sub: Submission of 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 2014-15 of the company for the year ended on 31st March, 2015.

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

Thanking you,
Yours faithfully,

for SAL Steel Limited

Nirajam



Company Secretary

Encl: As Stated

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

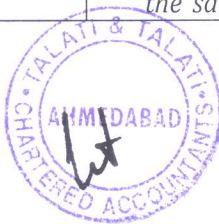
1	Name of the company	S.A.L. Steel Ltd
2	Annual financial statements for the year ended	31 st March, 2015
3	Type of Audit observation	Matter of Emphasis
4	Frequency of observation	Repetitive: Para No. 1 repetitive Since 6 years Para No. 2, 3 & 4 appeared for first time. <i>[Signature]</i>
5	To be signed by-	
	• Whole Time Director	Shri Anil Pandya : <i>[Signature]</i> (DIN 02453919)
	• Director cum CFO	Shri B L Singhal : <i>[Signature]</i> (DIN 01484213)
	• Auditor of the company	Shri Umesh Talati : <i>[Signature]</i> (ICAI Membership No. 034834)
	• Audit Committee Chairman	Shri J. M. Shah : <i>[Signature]</i> (DIN 01412666)



FORM B

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

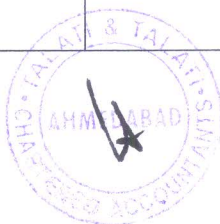
1	Name of the company	S.A.L. Steel Ltd
2	Annual financial statements for the year ended	31 st March, 2015
3	Type of Audit qualification	Qualified
4	Frequency of qualification	Repetitive
5	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>1. Basis for Qualified Opinion at Independent Auditors' Report</p> <p>Management is of the view that they do not anticipate execution of its ongoing capital projects. However, due provision / write off / impairment which must have been made in the books of accounts has not been made. Out of the total book value of Capital work in progress of ₹ 103,89,20,943/- during the year, the management has charged back only expense of pre operative expense, trial run expense and borrowing cost element for ₹ 47,48,71,471/- to the statement of profit and loss during the current year which was earlier capitalized. For the remaining balance, the company has not carried out any Techno-economic assessment during the year ended 31 March 2015 for the valuations of its ongoing Capital Projects and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Accounting Standard 28 on Impairment of asset which states that impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount . The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable. And hence we are unable to comment on its consequential impact, if any, on the financial statements.</p> <p>Apart from this, the Company has not made provision towards recovery of capital advances for the said project for the amount of ₹ 25,26,09,551/-</p>



which are currently shown under Long term loans and advances. The consequential impact of adjustment, if any, on the actual realization of said advances on the financial statements is currently not ascertainable. therefore we are unable to comment on its consequential financial impact, if any, on the financial statements.

Reply

Since last many years lenders keep on ensuring the sanction and disbursement of the term loan for our ongoing projects and every year revised projections were submitted. The bankers even after the sanction of the term loan have not disbursed fully and hence funds of ₹ 103,89,20,943/- is blocked in the such ongoing projects. Since there is no active development in the ongoing project due to non sanction of funds by lenders as well as no accrual from the operations, as of now the Company does not anticipate execution of such ongoing capital projects and hence have charged back expense of pre-operative expense, trial run expense and borrowing cost element of ₹ 47,48,71,471/- to the statement of profit and loss during the current year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects. For the remaining balance carried as Capital work In Progress, the company has not carried out any Techno-economic assessment during the year ended 31st March 2015 for the valuations of its ongoing Capital Projects and hence identification of impairment loss and provision thereof, if any, has not been made. Considering the emphasis of the matter, company agreed to appoint an approved valuer to access the impairment of the assets. Company is expecting a report from the valuer and decision will be taken with regard to impairment, if any, on such assets. Apart from this, the Company has paid the capital advances for the amount of ₹25,26,09,551/- which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements.



2. "Para vii- (a)" of Annexure to Independent Auditors' Report

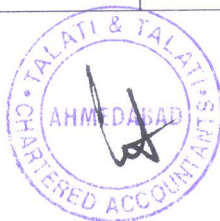
According to the records of the company, undisputed Statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise ,value added tax, cess and any other statutory dues have not been generally regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2015 for a period of more than six months from the date of becoming payable.

Reply

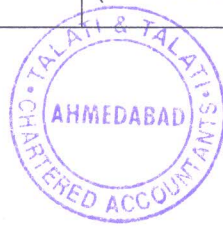
Payments of Statutory dues were marginally delayed on account of slow recovery/collection. However, the same have been paid.

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

On the basis of the information and explanation given to us and on the basis of records produced before us, the company has defaulted in repayment of Principal portion of the Term Loan to the extent of ₹ 59,62,00,000/- as at the year end. The company has also defaulted in payment of interest on term loan to the extent of ₹ 39,41,29,005/- as at the year end. The period of default on repayment of principal and payment of interest is ranging for a period from 1 day to 912 days and 1 day to 820 days respectively. The company has also defaulted in payment of interest on working capital facilities to the extent of ₹ 21,25,93,330/- as at the year end. The period of default in payment of interest is ranging for a period from 1 day to 881 days. Moreover, the company has defaulted in honouring L/C payments to the extent of ₹ 12,50,04,346/- as at the balance sheet date. The period of default in honouring L/C payments is ranging for a period from 609 days to 783 days.



		Reply On account of under utilization of capacities, the cash flow was mismatch resulting delay in payment of interest. In the CDR EG meeting flash report as submitted by the Company has been accepted but later lenders have withdrawn from the CDR and not submitted the full scheme to the CDR EG. This has further worsen the cash flow of the Company and now Company is actively negotiating with the lenders for one time settlement (OTS).
6	Additional comments from the board/audit committee chair:	N.A
7	To be signed by- <ul style="list-style-type: none"> Whole Time Director Director cum CFO Auditor of the company Audit Committee Chairman 	Shri Anil Pandya : (DIN 02453919) Shri B L Singhal : (DIN 01484213) Shri Umesh Talati : (ICAI Membership No. 034834) Shri J. M. Shah : (DIN 01412666)





**Power
Ferro Alloys
Sponge Iron / DRI**

**Annual Report
2014-2015**



S.A.L. STEEL LIMITED



12TH ANNUAL REPORT
CIN L29199GJ2003PLC043148

BOARD OF DIRECTORS:

Shri Rajendra V. Shah	Chairman
Shri Sujal Shah	Whole Time Director
Shri Babulal M. Singhal	Whole Time Director and CFO
Shri Anilkumar Pandya	Whole Time Director
Shri Ambalal C. Patel	Independent Director
Shri Harshad M. Shah	Independent Director
Shri Jethalal M. Shah	Independent Director
Shri Tejpal S. Shah	Independent Director
Shri Shrikant Jhaveri	Director
Shri Piyush Chandarana	Director (<i>upto 13.05.2014</i>)
Smt. Shefali M Patel	Woman Director (<i>w.e.f.13.07.2015</i>)

REGISTERED OFFICE

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

ADMINISTRATIVE OFFICE

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

PLANT

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

AUDITORS

Talati & Talati
Chartered Accountants
Ambica Chambers
Nr. Old High Court
Navrangpura
Ahmedabad – 380 009

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.

BANKERS TO THE COMPANY

1. Union Bank of India
2. State Bank of India
3. State Bank of Hyderabad

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**NOTICE**

NOTICE is hereby given that 12th Annual General Meeting of the Members of **S.A.L. STEEL LIMITED** will be held on Thursday, 24th September, 2015 at 10:30 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 2015, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajendra V. Shah (DIN 00020904), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014, M/s Talati & Talati, Chartered Accountants, Ahmedabad, (ICAI Registration No. 110758W), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Fifteenth Annual General Meeting to be held in the year 2018 subject to ratification of the appointment by the members at every AGM held after this AGM at a remuneration plus applicable service tax and out of pocket expenses incurred by them for the purpose of audit to be decided by the Board of Directors in consultation with the Auditors.”

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 Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 be paid the remuneration of ₹ 60,000/- 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/her self and proxy need not be a member. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other 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 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 the meeting.
8. **The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 16th September, 2015 to Thursday, 24th September, 2015 (both days inclusive).**
9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.



11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
12. Members 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.
13. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2015 is uploaded on the Company's website www.salsteel.co.in and may be accessed by the members and also on the website of the Bombay Stock Exchange Ltd. www.bseindia.com.
13. Electronic copy of the Annual Report for 2014-15 is being sent to all the members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, a physical copy of the Annual Report for 2014 -15 is being sent in the permitted mode.

SECTION A: E-VOTING PROCESS:

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

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

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

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

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 INSTRUCTIONS

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 read with clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote at the 12th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Ltd.
2. The voting period begins on 21.09.2015 at 10 a.m. and ends on 23.09.2015 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of 17.09.2015 may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
4. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.



S.A.L. STEEL LIMITED

5. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to www.karvycomputershare.com OR write an e-mail to varghese1@karvy.com
6. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17.09.2015, may obtain the login ID and password by sending a request at www.karvycomputershare.com.
8. CS Kamlesh M Shah, Practicing Company Secretary (Membership No. ACS 8356, CP No: 2072) (Address: 801-A, 8th Floor, Mahalaya Complex, Opp. Hotel President, B/H. Fairdeal House, Swastik Cross Roads, Off. C.G.Road, Navrangpura, Ahmedabad: 380009) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
9. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit forth with to the Chairman of the Company.
10. The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.salsteel.co.in within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
11. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
12. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail ksshah@yahoo.com.
13. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding Karvy e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
14. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. Varghese P A of Karvy Computershare Pvt Ltd at 040 44655000 or at 1800 345 4001 (toll free).

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

By order of the Board

Anil Pandya

Director

(DIN: 02453919)

Date : 5th May 2015

Place : Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

CIN: L29199GJ2003PLC043148

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

FOR ITEM NO.: 4

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 at the remuneration of ₹ 60,000/- 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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016. 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. 4 of the Notice. The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

By order of the Board

Anil Pandya

Director

(DIN: 02453919)

Date : 5th May 2015

Place : Santej

Registered Office:

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

CIN: L29199GJ2003PLC043148



**DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE 12TH ANNUAL GENERAL MEETING
OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

Name of Director	RAJENDRA V. SHAH DIN 00020904
Date of Birth	19.09.1955
Date of Appointment	06.11.2003
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	34 years of experience in trading of Steel products and in construction company
Qualification	B. E. (Mech.)
No. of Equity Shares held in the Company	Nil
List of other Companies in which Directorships are held	Shah Alloys Ltd
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	Remuneration committee (Member) Shah Alloys Ltd.



S.A.L. STEEL LIMITED

ADDITIONAL AGENDA TO NOTICE COVENING 12TH AGM OF S.A.L. STEEL LIMITED
Registered Office: 5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380 006
CIN: L29199GJ2003PLC043148

Following is an additional item of agenda to the Notice convening 12th Annual General Meeting of the Company which will be taken up for discussion and voting after all the items of the agenda of the notice of AGM dated 05.05.2015 is considered. This item will also appear in the list of various resolutions to be passed through e-voting portal www.karvycomputershare.com

RESOLUTION NO. 5

TO APPOINT SMT. SHEFALI M. PATEL, AS AN INDEPENDENT WOMEN DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013

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

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and 161 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Smt. Shefali M. Patel, (DIN: 07235872) who was appointed by the Board of Directors as an additional director as per Section 161 w.e.f. 13.07.2015 and who holds the office as such only upto the date of ensuing Annual General Meeting be and is hereby appointed as an Independent Women Director for a period of 5 years, i.e., upto conclusion of 17th AGM of the Company and she is not liable to retire by rotation."

By order of the Board

Date : 13th July 2015

Place : Santej

Registered Office:

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

CIN: L29199GJ2003PLC043148

Anil Pandya
Director

(DIN: 02453919)

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013) & Particulars pursuant to clause 49(II)(A)(1) of the Listing Agreement relating to Corporate Governance, the particulars of Director proposed to be appointed.

As required by section 102 of the Companies Act, 2013 (Act) read with clause 49 of the Listing Agreement, the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 5 of the accompanying Notice:

Smt. Shefali M Patel is aged 42 years. She is having excellent social background and is social worker working for nobel causes. She does not hold any shares in the Company. She is also a director in Shah Alloys Limited. After approval of members in AGM, she will be appointed as Non-Executive & Independent Women Director of the Company. Smt. Shefali M Patel is appointed pursuant to the provisions of Section 149(1) of the Act and amended Clause 49 of the Listing Agreement. As she holds the office of Director only upto the date of ensuing Annual General Meeting, the resolution is proposed for consideration and approval by the members in 12th AGM.

None of the Directors / Key Managerial Personnel of the Company / their relatives is concerned or interested in the proposed resolution except Smt. Shefali M Patel.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT IN THE 12TH ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name of Director	SMT. SHEFALI M PATEL DIN: 07235872
Date of Birth	20.10.1972
Date of Appointment	13.07.2015
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	Engaged in Social work like education, medical services etc.
Qualification	SY B Sc
No. of Equity Shares held in the Company	Nil
List of other Companies in which Directorships are held	Shah Alloys Ltd
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	NIL

Members are requested to consider and approve this resolution as an ordinary resolution.

By order of the Board

Date : 13th July 2015

Place : Santej

Registered Office:

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

CIN: L29199GJ2003PLC043148

Anil Pandya
Director

(DIN: 02453919)

**DIRECTORS' REPORT**

Dear Members,

Your Directors present 12th Annual Report on the operations and performance together with the Audited Financial Statements for the year ended on 31st March 2015.

FINANCIAL HIGHLIGHTS

₹ In Lacs

Particulars	Current Year 31.03.15	Previous Year 31.03.14
Total Turnover and other Receipts	36604.09	32941.81
Gross Profit/Loss(Before deducting any of the following)	2674.74	272.57
A. Interest and Financial charges	2991.73	3162.11
B. Depreciation, Amortisation and Impairment	874.02	1748.42
C. Tax Liability		
I. Current Tax	0.00	0.00
II. Deferred Tax	1644.16	(1131.20)
III. Prior year Tax adjustment	(0.28)	5.74
Prior period adjustment	35.55	29.17
Net Profit available for appropriation	(7583.62)	(3542.67)
Provision for Investment Allowance Reserve	Nil	Nil
Net Profit.		
A. Add: Brought forward from last year's balance	(5175.09)	(1632.44)
B. Less: Transferred to: General Reserve	Nil	Nil
Transfer to Debenture Redemption Reserve	Nil	Nil
Dividend: Dividend has not been recommended by the Board	N.A	N.A
Balance Carried forward	(12812.85)	(5175.09)

OPERATIONAL OVERVIEW

During the year under review Net Turnover of the Company has been increased from ₹ 32941.81 Lacs to ₹ 36604.09 Lacs as compared to previous year's turnover. However, due to increase in the operational expenditure, the Company has incurred a net loss after tax of ₹ 7583.62 lacs as compared to 3542.67 lacs in the corresponding year.

DIVIDEND

Due to loss, your Directors have not recommended dividend for the financial year 2014-15.

BUSINESS ACTIVITY

The Company is engaged in the business of manufacture sponge iron, ferro alloys, MS & SS Angle and power and the same are sold in the domestic market. Because of the captive power generation, company has advantage of low power cost per unit of manufacturing. Company is having its power plant of 40 MW. Company is also generating power on account of waste heat recovery system resulting economic price. Power generated is used for captive consumption and surplus power is sold resulting profit. There was no change in the nature of any of the business activity during the year.

DETAILS OF THE ASSOCIATES/ JOINT VENTURE / SUBSIDIARIES COMAPANIES

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture / associate.

The Company is an Associate Company of M/s Shah Alloys Limited as it is holding more than 20% of the Equity Share Capital in the Company as a Promoter Company.

REFERENCE TO BE MADE TO BIFR:

The Company has total accumulated losses of ₹ 1281284834 at the close of the financial year. Since Company's 100% net worth is eroded, the Board of Directors have passed necessary resolution to make a reference to Board for Industrial And Financial Reconstruction (BIFR) under the provisions of The Sick Industrial Companies (Special Provisions) Act, 1985 (SICA).

FIXED DEPOSIT

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



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REGULATORY STATEMENT

In conformity with provision of Clause 32 in the Listing Agreement (s), the Cash Flow Statement for the year ended 31.03.2015 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd. and the National Stock Exchange of India Ltd. (NSE).

The Company has paid listing fees for the year 2015-16 to above stock exchanges.

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

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

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

The Company is not entering into related parties transactions for sale/purchase of goods or services at preferential prices. However, all the transactions in the nature of sales/purchase of goods or services are made on arms length basis. The same were reported to the Board at every meeting and Board took a note of the same and approved. Other details for inter corporate financial transactions or remuneration and other benefits paid to directors, their relatives, key managerial personnel etc. are given in the notes to the accounts vide note no. 31 as per requirements of AS 18.

The Company has formulated various other policies like Risk Management Policy, Evaluation of Board Performance Policy, CSR Policy etc. etc. All such policies were documented and adopted by the Board in its meeting held on 14.2.2015.

Full details of Risk Management Policy are given in the Corporate Governance Report under the head Whistle Blower Policy.

As the Company is loss making one, the provisions related to CSR is presently not applicable to the Company.

Regarding Performance Review of each of the member of the Board and also the performance of the various Committees and the Board, the Company has adopted the Model Code of Conduct for Independent Directors, Key Managerial Personnel as prescribed in Schedule IV to the Companies Act, 2013 and also as prescribed in the SEBI (Insider Trading) Regulations. The Company strictly follows the procedure to obtain necessary timely declarations from each of the directors and key managerial personnel from time to time.

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

During the year under review the Company has not made any inter corporate loans, investments, given any corporate guarantee to any other body corporate, subsidiary, associate or any other company. However, the Company had in earlier years provided bank guarantee on behalf of Shah Alloys Ltd. and the outstanding liability as on 31.3.2015 is ₹ 603.78 lacs and same is shown as contingent liability.

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.

BOARD OF DIRECTORS

Details about the Board of Directors Meetings are attached to the Report on Corporate Governance. Further, Shri Rajendra V Shah, will be the Director retiring by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. Shri Piyush Chandarana has tendered resignation from the position of Director – Commercial w.e.f. 13th May, 2014.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the 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.

DECLARATION BY INDEPENDENT DIRECTORS:

(Pursuant to Provisions of section 149(6) OF the Companies Act 2013)

All the Independent Directors of the Company do hereby declare that:

- (1) All the Independent Directors of the Company are neither Managing Director, nor a Whole Time Director nor a Manager or a Nominee Director.
- (2) All the Independent Directors in the opinion of the Board are persons of integrity and possesses relevant expertise and experience.
- (3) Who are or were not a Promoter of the Company or its Holding or subsidiary or associate company.
- (4) Who are or were not related to promoters or directors in the company, its holding, subsidiary or associate company.
- (5) Who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company or their promoters or directors, during the two immediately preceding financial years or during the current financial year.



- (6) None of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary, or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakhs rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year,
- (7) Who neither himself, nor any of his relatives,
- (a) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of three financial years immediately preceding the financial year in which I\he is proposed to be appointed.
 - (b) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial years in which he is proposed to be appointed of
 - (i) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; OR
 - (ii) Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent, or more of the gross turnover of such firm;
 - (iii) Holds together with his relatives two per cent, or more of the total voting power of the company; OR
 - (iv) Is a Chief Executive or director, by whatever name called, or any non-profit organization that receives twenty five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; OR
 - (v) Who possesses such other qualifications as may be prescribed.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134 Clause (C) of Sub-Section (3) of the Companies Act, 2013, in relation to financial statements for the year 2014-15, the Board of Directors state:

- a) In the preparation of the annual accounts for the financial year ended 31st March 2015, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;
- b) The Directors 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 profit and loss account of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis; and
- e) The directors in the case of a listed company had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DECLARATION BY BOARD AS PER REQUIREMENT OF SECTION 178 (1)

In compliance with Section 178 (1) as also in compliance with Clause 49 of the Listing Agreement, the Board of Directors do hereby declare that:

- a. The Company has proper constitution of the Board of Directors including independent directors in proportion as per requirement of clause 49 of the Listing Agreement. However, the Company is still in process for appointing a suitable person as woman director as required under Section 149 of the Companies Act, 2013.
- b. The Company has constituted Nomination and Remuneration Committee, Stakeholders Relationship Committee, Audit Committee as per requirements of the Clause 49 of the Listing Agreement and provisions of the Companies Act 2013.
- c. The Company has the policy for selection and appointment of independent directors who are persons of reputation in the society, have adequate educational qualification, sufficient business experience and have integrity & loyalty towards their duties.
- d. The Company pays managerial remuneration to its Managing/Whole Time Directors based upon their qualification, experience and past remuneration received by them from their previous employers and company's financial position.
- e. The Independent Directors are paid sitting fee for attending Board and other committee meetings as decided by the Board from time to time. This sitting fee is decided considering the financial position of the company.



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- f. The Company is not paying any commission on net profits to any directors.
- g. During the year the Board has met 4 times during the year. The details of presence of every director at each meeting of the Board including the meetings of the Committees, if any, are given in the reports of the Corporate Governance.

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

SYSTEM OF PERFORMANCE EVALUATION OF THE BOARD, INDEPENDENT DIRECTORS AND COMMITTEES AND INDIVIDUAL DIRECTORS

1. The Board makes evaluation of the effectiveness and efficiency of every individual directors, committee of directors, independent directors and board as a whole.
2. For these purpose the Board makes evaluation twice in a year on a half yearly basis.
3. The performance of individual directors are evaluated by the entire Board, excluding the Director being evaluated on the basis of presence of every directors at a meeting, effective participation in discussion of each of the business of agenda for the meetings, feedback receives from every directors on draft of the minutes and follow up for action taken reports from first line management.
4. Effectiveness and performance of various committees are evaluated on the basis of the scope of work assign to each of the committees the action taken by the committees are reviews and evaluated on the basis of minutes and agenda papers for each of the committee meetings.
5. The performance of independent directors are evaluated on the basis of their participation at the meetings and post meeting follow up and communication from each of such independent directors.

DISCLOUSER AS PER COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

Company has appointed three whole time directors namely: Shri Sujal Shah, Shri B.M. Singhal and Shri Anil Pandya. Total managerial remuneration paid to each of them during the current year and previous year are as under:

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

Sr. No.	Name of director	Designation	Remuneration paid in current year	Remuneration paid in previous year	Total cost of remuneration of the employees	Percentage remuneration of director to total cost of remuneration
1	Shri Sujal Shah	Whole Time Director	4,32,000	4,32,000	10,10,93,239	0.42%
2	Shri B.M Singhal	Whole Time Director and CFO	4,92,000	4,92,000	10,10,93,239	0.48%
3	Shri Anil Pandya	Whole Time Director	4,80,000	4,72,200	10,10,93,239	0.47%
4	Shri Hardik Modi	Company Secretary	1,92,500 (upto 7.10.2014)	3,02,500	10,10,93,239	0.19%

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

There was no increase in remuneration. However, in case of Shri Anil Pandya, there was increase in benefits in Feb. 2014 and hence there is marginal increase seen during the year under review.

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

During the year the total remuneration of employees was ₹ 10,10,93,239 as against ₹ 9,45,43,964 in the previous year constituting a net increase of ₹ 65,49,275 constituting 6.48%. This increase in remuneration of employees was due to increase in overall inflation index.

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

There were 383 permanent employees on the rolls of company.

- V. The explanation on the relationship between average increase in remuneration and company performance;

NOT APPLICABLE as there was no substantial increase in remuneration of any employee during the year. The increase was only due to increase in inflation index.

**VI. Comparison of the remuneration of the Key managerial personnel against the performance of the company :**

The KMP i.e. whole time Directors, Company Secretary, CFO are being paid total Remuneration of ₹15.965 Lacs per annum.

VII. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;

Closing Market Price of shares of Company as on 31/03/2014 : ₹ 1.53 /-

Closing Market Price of shares of Company as on 31/03/2015 : ₹ 1.75/-

Earning Per share for the financial year ended on 31/03/2014 : ₹ (4.17)/-

Earning per share for the financial year ended on 31/03/2015 : ₹ (3.34)/-

Regarding other information like Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies is not given herewith since Company had made IPO more than 5 Years before and there was no substantial variation in the market price of shares of the company. Company's EPS is negative and hence PE Ratio is not given.

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

As the company is paying minimum managerial remuneration to its managerial personnel and the Company is the loss making one the comparison of remuneration of each of the KMP with performance of the company is not comparable.

Since WTDs are being paid minimum remuneration and other KMPs are getting remuneration as per prevailing industry norms, it is not possible to compare remuneration with the performance of the company.

IX. The key parameters for any variable component of remuneration availed by the directors: NOT APPLICABLE.**X. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

There were 38 employees who are receiving remuneration in excess or higher than the remuneration of Director or Key Managerial Personnel.

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

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

PARTICULARS OF THE EMPLOYEES

Particulars of the employees as required under provisions of Section 197 (12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, are not attached with this report since there was no employee who was in receipt of remuneration in excess of ₹5,00,000 per month during the year or ₹ 60 Lacs per annum in the aggregate if employed part of the year.

AUDITORS**Statutory Auditors**

M/s. Talati & Talati, Chartered Accountants, an Auditors firm are statutory auditors of the company since 2008-09. As per Rule 6(3) of the Companies (Audit and Auditors) Rules 2014, they are eligible to continue as the statutory auditors of the company for financial years 2015-16, 2016-17, and 2017-18. Accordingly Statutory Auditors of the company have given their letter of consent and confirmation under section 141(1) the Companies Act 2013 for their appointment as Statutory Auditors of the Company up to the financial year 2017-18 hence, the Board has now proposed to appoint the Statutory Auditors for a period of up to 2017-18. Necessary Resolution for their appointment as the Statutory Auditors and fixing their remuneration is proposed to be passed at the Annual General Meeting.

COST Auditors

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.

INTERNAL AUDITOR

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



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SECRETARIAL AUDITOR

The Company has appointed M/s. KAMLESH SHAH & SHAH CO. as the secretarial auditor for the financial year 2014-15. They have given their report in the prescribed form MR-3 which is annexed to this report as an ANNEXURE.

OBSERVATION OF THE SECRETARIAL AUDITOR

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors and Independent Directors except the woman director. CS has resigned w.e.f 8.10.2014 and Company has already issued an appointment letter to new CS who is expected to join in the month of June 2015. The Company is in process of appointing of suitable woman director.

EXPLANATION TO THE AUDITORS' OBSERVATIONS

The Directors submit their explanations to the various observations made by the Statutory Auditors in the report are as under for the year 2014-15.

Para for Basis for Qualified Opinion

Since last many years lenders keep on ensuring the sanction and disbursement of the term loan for our ongoing projects and every year revised projections were submitted. The bankers even after the sanction of the term loan have not disbursed fully and hence funds of ₹ 103,89,20,943/- is blocked in the such ongoing projects. Since there is no active development in the ongoing project due to non sanction of funds by lenders as well as no accrual from the operations, as of now the Company does not anticipate execution of such ongoing capital projects and hence have charged back expense of pre-operative expense, trial run expense and borrowing cost element of ₹ 47,48,71,471/- to the statement of profit and loss during the current year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects. For the remaining balance carried as Capital work In Progress, the company has not carried out any Techno-economic assessment during the year ended 31st March 2015 for the valuations of its ongoing Capital Projects and hence identification of impairment loss and provision thereof, if any, has not been made. Considering the emphasis of the matter, company agreed to appoint an approved valuer to access the impairment of the assets. Company is expecting a report from the valuer and decision will be taken with regard to impairment, if any, on such assets. Apart from this, the Company has paid the capital advances for the amount of ₹25,26,09,551/- which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements.

Annexure to Independent Auditors' Report - Para vii (a)

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

Annexure to Independent Auditors' Report - Para ix

On account of under utilization of capacities, the cash flow was mismatch resulting delay in payment of interest. In the CDR EG meeting flash report as submitted by the Company has been accepted but later lenders have withdrawn from the CDR and not submitted the full scheme to the CDR EG. This has further worsen the cash flow of the Company and now Company is actively negotiating with the lenders for one time settlement (OTS).

In addition to the above clarifications, the notes to the Accounts are self explanatory and give suitable explanation to qualifications in the Auditors' Report.

MATERIAL CHANGES / INFORMATION:

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial of the Company. However, net worth of the company has been completely eroded and Board has decided to approach BIFR under SICA for declaring company as sick unit.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

APPRECIATION

Your Directors place on record their sincere appreciation for the valuable support and co-operation as received from government authorities, Financial Institutions and Banks during the year. The Directors are also thankful for the support extended by Customers, Suppliers and contribution made 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

Rajendra V. Shah
(DIN: 00020904)
Chairman

Date : 5th May 2015
Place : Santej


ANNEXURE - 1 TO THE DIRECTORS' REPORT

Statement pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with the RULE 8(3) of Companies (ACCOUNTS) Rules, 2014.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:-

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

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

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

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

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

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

(I) POWER & FUEL CONSUMPTION

		2014-15	2013-14
1	ELECTRICITY		
	(a) Purchased		
	Unit (Kwh)	2796920	14531600
	Total Amount (₹)	44128702	91773730
	Rate / Unit (Rs)	15.78	6.32
	(b) Own Generation		
	(i) <i>Through Diesel Generator Unit (Kwh)</i>		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) <i>Through Steam Turbine / Generator Unit (Kwh)</i>	76603	61615
	Unit Per Kg of Lignite	0	4.26
	Cost Lignite / Unit (₹)	0	644
	Cost Coal / Unit (₹)	2938	2329
	Cost Coal & Lignite / Unit (Rs)	2938	2973
2	COAL (Including Coal Fines)		
	Quantity (MT)	81306	45721
	Total Cost (Rs)	225032910	143517520
	Average Rate (Rs)	2768	3139
3	FURNACE OIL (used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (Rs)	Nil	Nil
	Average Rate (Rs)	Nil	Nil
4	OTHERS – LIGNITE (used in the generation of steam)		
	Quantity (K Tonns)	Nil	1449
	Total Cost (Rs)	Nil	39691511
	Average Rate (Rs)	Nil	2747

(II) CONSUMPTION PER M.T. OF PRODUCTION

Particulars of Product	2014-15	2013-14
Electricity (in Unit)	Nil	Nil
Furnace Oil	Nil	Nil
Coal (Specify quantity)	Nil	Nil
Others	Nil	Nil



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B. TECHNOLOGY ABSORPTION

Particulars	2014-15	2013-14
(I) Research and Development (R & D)		
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		
b) Recurring		
c) Total		
d) Total R&D expenditure as a percentage of total turnover	NIL	NIL
(II) Technology absorption, adaptation:		
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, NIL cost reduction, product development, import substitution etc.	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.	NIL	NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Particulars	2014-15	2013-14
1) EARNINGS & OUTGO		
a) Foreign Exchange earnings	Nil	Nil
b) Foreign Exchange outgo	1496.41	100.86

2) TOTAL FOREIGN EXCHANGE USED AND EARNED: As per notes on account


ANNEXURE – 2 TO THE DIRECTORS' REPORT
FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDING ON 31/03/2015
**[Pursuant to section 92(3) of the Companies Act, 2013 and
rule 12(1) of the Companies (Management and Administration) Rules, 2014]**
1) REGISTRATION AND OTHER DETAILS:

SR. NO.	PARTICULARS	DETAILS
1	CIN	L29199GJ2003PLC043148
2	Registration date	06/11/2003
3	Name of the company	S A L STEEL LIMITED
4	Category/ sub-category of the company	Company limited by shares/ Indian Non Government Company
5	Address of the registered office and contact details	5/1 SHREEJI HOUSE, 5 TH FLOOR B/H M J LIBRARY ASHRAM ROAD AHMEDABAD-380006 GUJARAT
6	Whether listed company	YES
7	Name, address and contact details of registrar and transfer agent if any	KARVY COMPUTERSHARE PVT LTD. Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Phone: 91-040-67162222 Fax: 91-040-23001153 Toll Free no.: 1800-345-4001 E-mail: varghese1@karvy.com Website: www.karvycomputershare.com

2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	SPONGE IRON	24102	76.92%
2	FERRO CHROME	24104	15.92%

3) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl No	Name & Address of the Company	CIN/GLN	CONCERN	% OF SHARES HELD BY COMPANY	APPLICABLE SECTION
NA					



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4) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% Change during this year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) a) Indian/Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt. (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	42959889	NIL	42959889	50.56%	42959889	NIL	42959889	50.56%	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-	42959889	NIL	42959889	50.56%	42959889	NIL	42959889	50.56%	NIL
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-Total shareholding of Promoter (A) = (A)(1)+(A)(2)	42959889	NIL	42959889	50.56%	42959889	NIL	42959889	50.56%	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	5000	NIL	5000	0.01%	5000	NIL	5000	0.01%	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	5000	NIL	5000	0.01%	5000	NIL	5000	0.01%	NIL
2. Non-Institutions	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Bodies Corp.	9843097	NIL	9843097	11.58%	9728865	NIL	9728865	11.45%	0.13%
i) Indian									
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	21411942	60504	21472446	25.27	21030978	59360	21090338	24.82	0.45%
ii) Individualshareholders holdingnominal share capital in excess of ₹ 1lakh	10344224	178700	10165524	12.17%	10837012	178700	10658312	12.75%	0.58%
c) Others (NON RESIDENT & CLEARING MEMBERS)	342044	NIL	342044	0.41%	345596	NIL	345596	0.41%	0.41%
Sub-total (B)(2):-	41762607	239204	42006811	49.43%	41763751	238060	42001811	49.43%	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)	41767607	239204	42006811	49.44%	41768751	238060	42006811	49.44%	NIL
C. Shares held by custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL(A+B+C)	84727496	239204	84966700	100.00	84728640	238060	84966700	100.00	NIL


(ii) Shareholding of promoters

Name of promoter	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
SHAH ALLOYS LTD.	30256989	35.61	30256989	30256989	35.61	30256989	NIL
SAL CARE PVT. LTD.	12702900	14.95	12702900	12702900	14.95	12702900	NIL
TOTAL	42959889	50.56	42959889	42959889	50.56	50.56	NIL

(iii) Change in Promoter's Shareholding

SHAH ALLOYS LTD.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year		30256989	35.61	30256989	35.61
Date-wise Increase / Decrease in Promoters Shareholding during the years specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat Equity etc. :		NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
At the end of the year		30256989	35.61	30256989	35.61
SAL CARE PVT LTD		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year		12702900	14.95	12702900	14.95
Date-wise Increase / Decrease in Promoters Shareholding during the years specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat Equity etc. :		NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
At the end of the year		12702900	14.95	12702900	14.95

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	ASHVIN V SHAH	377000	0.44	377000	0.44
2	SHAH JAYESHKUMAR VIJAYKUMAR	304936	0.36	304936	0.36
3	JAYESH VIJAYKUMAR SHAH	278412	0.33	278412	0.33
4	SHAH MONAL JAYESHKUMAR	311415	0.37	261415	0.31
5	KUKKEHALLI NAYANA HEGDE	136000	0.16	150000	0.18
6	ANSULBHAI PRAKASHBHAI SHAH	149225	0.18	149225	0.18
7	SHRIPAL PRASAN MANILAL	145663	0.17	145663	0.17
8	SULTAN SINGH	141071	0.17	141071	0.17
9	NILESH PATEL Jointly With PINAL PATEL	140500	0.17	140500	0.17
10	DINESH N HINGORANI	135117	0.16	135117	0.16
	TOTAL	2119339	2.51	2083339	2.47



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6) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Shri Ambalal C Patel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	69000	0.08	69000	0.08
Date-wise Increase / Decrease in Promoters Shareholding during the years specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat Equity etc. :	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
At the end of the year	69000	0.08	69000	0.08

7) INDEBTEDNESS

INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1765100979	874933936	70000000	2710034915
ii) Interest due but not paid	320200307	-	-	320200307
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2085301286	874933936	70000000	3030235222
Change in Indebtedness during the financial year				
* Addition	242689829	-	-	242689829
* Reduction	-	740013399	-	740013399
Net Change	242689829	(740013399)	-	(497323571)
Indebtedness at the end of the financial year				
i) Principal Amount	1721268777	134920537	70000000	1926189314
ii) Interest due but not paid	606722338	-	-	606722338
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2327991114	134920537	70000000	2532911651

8) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	SALARY	SHRI SUJAL SHAH	4,32,000
		SHRI B.M SINGHAL	4,92,000
		SHRI ANIL PANDYA	4,80,000
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission- as % of profit- others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	30,00,000 As per section (ii) part (ii) of schedule V.	


b. Remuneration to other directors:

Particulars of Remuneration	Name of Directors					Total Amount
Independent Directors	SHRI A.C. PATEL	SHRI TEJPAL S. SHAH	SHRI HARSHAD M. PATEL	SHRI JETHALAL M. SHAH	SHRI SHRIKANT N JHAVERI	
Fee for attending board / committee meetings	41,000	20,000	40,000	40,000	41,000	182,000
Commission						
Others, please specify						
Total	41,000	20,000	40,000	40,000	41,000	182,000
Overall Ceiling as per the Act	30,00,000/- AS PER Section II Part II of Schedule V					

9) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		CS	CFO/CEO	
		Shri Hardik Modi		
1	Gross salary	1,92,500	N.A.	1,92,500
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission	N.A.	N.A.	N.A.
	- as % of profit	N.A.	N.A.	N.A.
	others, specify...	N.A.	N.A.	N.A.
5	Others, please specify	N.A.	N.A.	N.A.
	Total	1,92,500	N.A.	1,92,500

10) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

**ANNEXURE – 3 TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and expectations. The Company will continue to focus its resources, strengths and strategies for enhancement of the long term shareholders' value while at the same time protecting the interest of other stakeholders.

2. BOARD OF DIRECTORS :**COMPOSITION AND CATEGORY**

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independence of the Board and to separate the board functions of governance and management

The Board currently comprises of Three Executive Directors and Six Non-Executive Directors including the Chairman of the Board.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

BOARD PROCEDURE

The Board meets atleast once in a quarter to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the company.

The Minutes of the Board meetings are circulated in advance to all Directors and confirmed at subsequent Meeting. The Minutes of Audit Committee and other Committees of the Board are regularly placed before the Board.

During the financial year ended March 31st, 2015, Four Board Meetings were held respectively on 28.05.2014, 13.08.2014, 12.11.2014 and 14.02.2015. The gap between two Board Meetings did not exceed four months.



The composition of the Board of Directors, the number of other Directorship and Committee positions held by the Director, of which the Director is a Member/Chairman, are as under:

Name of Director	Category	DIN	No. of Board Meetings attended during the year	Whether attended last AGM	No. of other Directorship held	Committee* Membership held in other Companies	
						As Member	As Chairman
Shri Rajendra V.Shah	Non Executive Promoter Chairman	00020904	3	Yes	1	1	Nil
Shri Sujal A. Shah	Non Promoter Executive Director	01431407	4	Yes	Nil	Nil	Nil
Shri Babulal M. Singhal	Non Promoter Executive Director	01484213	4	No	Nil	Nil	Nil
Shri Anilkumar Pandya	Non Promoter Executive Director	02453919	4	No	Nil	Nil	Nil
Shri Piyush R. Chandarana	Non Promoter Executive Director	02024442	0	N.A.	Nil	Nil	Nil
Shri Ambalal C. Patel	Independent & Non Executive Director	00037870	4	Yes	8	3	2
Shri Tejpal S. Shah	Independent & Non Executive Director	01195357	4	No	1	2	Nil
Shri Harshad M. Shah	Independent & Non Executive Director	01309096	4	No	1	Nil	Nil
Shri Jethalal M. Shah	Independent & Non Executive Director	01412666	4	Yes	Nil	Nil	Nil
Shri Shrikant N. Jhaveri	Independent & Non Executive Director	02833725	4	Yes	Nil	Nil	Nil

*1 Shri Piyush Chandarana has resigned from position of directorship W.E.F. 13.05.2014

**2 Committee includes Audit Committee and Shareholders'/Investors Grievance Committee only.

CODE OF CONDUCT

The Company has already adopted a code of conduct for all employees of the company and Executive directors. 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 listing agreement) have affirmed compliance with the applicable code of conduct has been provided in the Annual 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. COMMITTEES OF THE BOARD

AUDIT COMMITTEE:

The terms of reference of the Audit Committee are wide enough to cover matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 177 of the Companies Act, 2013 besides other terms as may be referred to by Board of Directors from time to time.

The Audit Committee comprises of four non-executive Directors all of whom are Independent Directors.

During the period under review, five Audit Committee meetings were held respectively on 28.05.2014, 13.8.2014, 12.11.2014 and 14.02.2015.



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

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

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

NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three independent Non-executive directors viz. Shri Jethabhai M Shah – Chairman, Shri Ambalal C Patel and Shri Harshad M Shah.

During the period under review, one Nomination And Remuneration Committee meetings were held respectively on 28.05.2014.

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethabhai M. Shah	Chairman	1	1
Shri Ambalal C. Patel	Member	1	1
Shri Harshad M. Shah	Member	1	1

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

DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2014-15

(Amount in ₹)

NAME OF DIRECTOR	REMUNERATION	SITTING FEES	TOTAL
Shri Rajendra V. Shah	Nil	Nil	NIL
Shri Sujal A. Shah	4,32,000	Nil	4,32,000
Shri Babulal M. Singhal	4,92,000	Nil	4,92,000
Shri Anilkumar Pandya	4,80,000	Nil	4,80,000
Shri Piyush R. Chandarana	Nil	Nil	Nil
Shri Ambalal C. Patel	Nil	41,000	41,000
Shri Tejpal S. Shah	Nil	20,000	20,000
Shri Harshad M. Shah	Nil	40,000	40,000
Shri Jethalal M. Shah	Nil	40,000	40,000
Shri Shrikant N. Jhaveri	Nil	41,000	41,000

- The Company does not have a scheme for grant of stock option to the directors.
- Shri Piyush Chandarana has resigned from position of directorship w.e.f. 13.05.2014.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

Shri Ambalal C Patel– Chairman, Shri Jethabhai M Shah and Shri Harshad M Shah are members of the Committee. The Committee is empowered to oversee the redressal of Investors' complaints and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

Name and designation of Compliance Officer:

Shri Babulal M. Singhal, Whole-Time Director

No. of shareholders' complaints received during the year : 1 Complaint

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

No. of pending Complaints : Nil

No. of complaints resolved during the year : 1 Complaint

**4. GENERAL BODY MEETING**

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

Year	Date	Time	Venue	No. of Special Resolution Passed
2011-2012	September 24 th , 2012	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2012-13	September 24 th , 2013	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2013-14	September 24 th , 2014.	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	1

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

DISCLOSURES**POLICIES:-****A. POLICY ON RELATED PARTY TRANSACTIONS****SCOPE AND PURPOSE OF THE POLICY**

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of related party transactions as prescribed under the Companies Act, 2013 ("Act") read with the Rules framed there under and Clause 49 of the Listing Agreement (as amended by SEBI Circulars dated April 17, 2014 and September 15, 2014), our Company has formulated guidelines for identification of related parties and the proper conduct and documentation of all related party transactions.

Also, Clause 49(VII)(C) of the Listing Agreement requires a company to formulate a policy on materiality of related party transactions and dealing with related party transactions. In light of the above, our Company has framed this Policy on Related Party Transactions ("Policy"). This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee. Going forward, the Audit Committee would review and amend the Policy, as and when required, subject to the approval of the Board.

OBJECTIVE OF THE POLICY

The objective of this Policy is to set out (a) the materiality thresholds for related party transactions and; (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, Clause 49 of the Listing Agreement and any other laws and regulations as may be applicable to the Company.

MANNER OF DEALING WITH RELATED PARTY TRANSACTIONS**a) Identification of related parties:-**

The Company has formulated guidelines for identification and updating the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed there under and Clause 49 of the Listing Agreement.

b) Identification of related party transactions:-

The Company has formulated guidelines for identification of related party transactions in accordance with Section 188 of the Act and Clause 49 of the Listing Agreement.

DISCLOSURES

The Company shall disclose, in the Board's report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business along with the justification for entering into such transaction.

B. FAMILIARIZATION POLICY FOR INDEPENDENT DIRECTORS**PURPOSE AND OBJECTIVE OF THE POLICY**

The Program aims to provide insights into the Company to enable the Independent Directors to understand its business in depth and contribute significantly to the Company.

FAMILIARIZATION AND CONTINUING EDUCATION PROCESS

- The Company through its Managing Director / Executive Director / Key Managerial Personnel conducts programmes / presentations periodically to familiarize the Independent Directors with the strategy, operations and functions of the Company.
- Such programmes/presentations provide an opportunity to the Independent Directors to interact with the Senior Management of the Company and help them to understand the Company's strategy, business model, operations, service and product offerings, markets, organization structure, finance, human resources, technology, quality, facilities and risk management and such other areas as may arise from time to time.
- The programmes/presentations also familiarize the Independent Directors with their roles, rights and responsibilities.



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- When a new Independent Director comes on the Board of the Company, a meeting is arranged with the Chairperson, Managing Director, Chief Financial Officer to discuss the functioning of the Board and the nature of the operation of the Company's business activities.
- New Independent Directors are provided with copy of latest Annual Report, the Company's Code of Conduct, the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices, Schedule of upcoming Board and Committee meetings.
- The Company provides the Directors with the tours of company's facilities from time to time.
- A detailed Appointment Letter incorporating the role, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Code of Conduct and obligations on disclosures, is issued for the acceptance of the Independent Directors.

C. RISK MANAGEMENT POLICY

LEGAL FRAMEWORK

Risk Management is a key aspect of the "Corporate Governance Principles and Code of Conduct" which aims to improvise the governance practices across the Company's activities. Risk management policy and processes will enable the Company to proactively manage uncertainty and changes in the internal and external environment to limit negative impacts and capitalize on opportunities.

BACK GROUND AND IMPLEMENTATION

The Company is prone to inherent business risks. The objective of Risk Management Policy shall be identification, evaluation, monitoring and minimization of identifiable risks. This policy is in compliance with the amended Clause 49 of the Listing Agreement (w.e.f. 1st October 2014) which requires the Company to lay down procedure for risk assessment and procedure for risk minimization. The Board of Directors of the Company and the Audit Committee shall periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network. Head of Departments shall be responsible for implementation of the risk management system as may be applicable to their respective areas of functioning and report to the Board and Audit Committee.

COMMITTEE

The Company has not made Risk Management Committee but the Board of Directors & Audit Committee is looking after the Risk Management of the Company.

D. CORPORATE SOCIAL RESPONSIBILITY POLICY

India's new Companies Act, 2013 has introduced several new provisions which change the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). As per Section 135 of the Companies Act, 2013, it provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more.

Since company is a loss making company, CSR Policy is not applicable. Company has not made Corporate Responsibility Committee.

E. VIGIL MECHANISM POLICY

LEGAL FRAMEWORK

Section 177 of the Companies Act, 2013 requires every listed company and such class or classes of companies, as may be prescribed to establish a vigil mechanism for the directors and employees to report genuine concerns in such manner as may be prescribed.

Effective October 1, 2014, Clause 49 of the Listing Agreement between listed companies and the Stock Exchanges, inter alia, provides for a mandatory requirement for all listed companies to establish a mechanism called "Whistle Blower Policy" for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the company's code of conduct.

POLICY

In compliance of the above requirements, S A L STEEL LIMITED, being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism. The Vigil (Whistle Blower) Mechanism aims to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The mechanism provides for adequate safeguards against victimization of Directors and employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

F. SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (POLICY WHERE MORE THAN 4 WOMEN WORKING) AND ELIMINATION OF CHILD LABOUR POLICY.

OBJECTIVE:

It is the endeavor of the Company, to ensure a safe, secure and congenial work environment where employees and workers will deliver their best without any inhibition, threat or fear. In pursuance of this objective, the Company has evolved a "Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Policy".



The approach adopted by the Company is to spread awareness about the causes and consequences of sexual harassment at workplace and thereby prevent any occurrences. In the event of such an occurrence, the Group would use this Policy to provide the framework for action.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Policy:

Sexual harassment in the work place has been defined as “unwelcome” sexually determined behavior (whether directly or by implication). It includes any or all of the following:

- Physical contact and advances
- A demand or request for sexual favours
- Sexually colored remarks
- Showing pornography
- Any other unwelcome physical, verbal or non-verbal conduct of a sexual nature.
- Sexual harassment will be deemed to have taken place if work is used as the excuse or occasion for repeated, personalized, offensive and unwelcome speech or gestures.

It is the duty of the Organization to prevent or deter acts of sexual harassment and if they take place, to provide procedure for resolution, encourage counseling, settlement or prosecution of acts of sexual harassment;

- Where the conduct of the employee would constitute an offence under the Indian Penal Code or any other law, SAL STEEL LTD. Limited shall initiate legal action
- Where the conduct would in addition to an offence under law, constitute misconduct under the rules or regulations of the organization, SAL STEEL LTD. shall initiate disciplinary action against him/her.

The concerns of or about employees can be reported without fear of reprisal or retaliation. Any allegations of sexual harassment will be investigated quickly and discreetly, and disciplinary action initiated as described in this policy. To the extent possible, the identity of the complainant, the victim, witnesses and the alleged harasser will be protected against unnecessary disclosure. All efforts will be made to ensure that proceedings remain confidential.

NON COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES:

The Company has complied with the requirements of the Stock Exchange/SEBI/any statutory authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by Stock Exchange or SEBI.

5. CODE OF CONDUCT

The Company has its Code of Conduct which is applicable to Board of Directors as well as designated senior management personnel. The Code is circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. An annual declaration of Whole Time Director, as to compliance of Code of Conduct has been provided in the Annual Report.

6. CERTIFICATE ON CORPORATE GOVERNANCE

As required under Clause 49 of Listing Agreement, Certificate is provided in the Annual Report.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This is given as a separate section in this Annual Report.

8. CERTIFICATION

As required by clause 49 of the Listing Agreement, certification on financial statements is provided in the Annual Report.

9. COMPLIANCE WITH CLAUSE 49

Company is fully committed to the compliance of applicable mandatory requirement of Clause 49 of the Listing Agreement as amended from time to time. The company submits quarterly Compliance Report to BSE & NSE in respect of compliance of Clause 49 of the Listing Agreement

10. MEANS OF COMMUNICATION

- a. All financial results are immediately sent to stock exchanges after being taken on record by the Board.
- b. As per the requirements of Listing Agreement, Results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- c. The Company's website www.salsteel.co.in 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.

11. GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS

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

a) Annual General Meeting.

Date : 24th September, 2015

Time : 10.30 A.M.

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



S.A.L. STEEL LIMITED

b) Financial Year

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

The Quarterly Results for the financial year 2015-16 will be taken on record by the Board of Directors as per the following tentative schedule (subject to change, if any):

Quarter ending 30th June 2015 : By 14th August 2015

Quarter ending 30th September 2015 : By 14th November 2015

Quarter ending 31st December 2015 : By 14th February 2015

Quarter ending 31st March 2016 : By 14th May 2016

c) **Date of Book Closure / Record Date** : 16-09-2015 to 24-09-2015 (Both days inclusive)

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

e) **Listing on Stock Exchange** : **Bombay Stock Exchange Ltd.(BSE)**
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001
Scrip Code: 532604

: **National Stock Exchange of India Ltd (NSE)**
“Exchange Plaza”, Bandra Kurla Complex, Bandra (E), Mumbai – 400051
NSE SYMBOL: SALSTEEL

Demat ISIN No. for NSDL and CDSL : INE658G01014

f) Listing Fees to Stock Exchanges

Company has paid listing fees in respect of financial year 2015-2016 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

g) Custodial Fees to Depositories

Company has paid Custodian Fees for the financial year 2015-16 to both depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

h) Share Price Data

(₹ per share)

Month	SSL Price at BSE		SSL Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 14	2.90	1.50	2.70	1.55
May' 14	3.13	2.00	3.00	1.90
June' 14	4.57	3.28	4.25	3.15
July' 14	4.18	2.98	4.15	2.90
Aug' 14	3.26	2.50	3.20	2.55
Sept' 14	3.69	2.31	3.65	2.25
Oct' 14	2.97	2.38	2.80	2.35
Nov' 14	3.21	2.31	3.05	2.35
Dec' 14	2.89	2.07	2.95	2.00
Jan' 15	3.05	2.22	3.00	2.10
Feb' 15	2.70	1.93	2.65	1.80
Mar' 15	2.40	1.66	2.65	1.80

**i) Shareholding pattern as on 31st March, 2015**

Sr. No.	Particulars	No. of Shares of ₹ 10/- each	% holding
1	INDIAN PROMOTERS	42959889	50.56%
2	RESIDENT INDIVIDUALS	31927350	37.57%
3	BODIES CORPORATES	9728865	11.45%
4	BANKS	5000	0.01%
6	NON RESIDENT INDIANS	315323	0.37%
7	CLEARING MEMBERS	30273	0.04%
	Total	84966700	100.00%

j) Distribution of shareholding as on 31st March, 2015

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 5000	54287070	6.39	20992	69.97
5001 - 10000	40196890	4.73	4500	15.00
10001 - 20000	34106520	4.01	2096	6.99
20001 - 30000	20310370	2.39	771	2.57
30001 - 40000	13441030	1.58	367	1.22
40001 - 50000	17766970	2.09	371	1.24
50001 - 100000	37147330	4.37	496	1.65
100001 & ABOVE	632410820	74.43	407	1.36
Total	84966700	100.00%	30000	100.00%

k) Dematerialization of Shares and Liquidity

On March 31st 2015, nearly 99.72% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized. Also, the aggregate dematerialized shareholding of the Company stood at 99.72% of the total no. of shares. Brief position of Company's dematerialized shares is given below:

S. No.	Description	No. of Holders	Shares	% holding
1	NSDL	21747	57473856	67.64
2	CDSL	10764	27254784	32.08
3	PHYSICAL	20	238060	0.28
	Total	32531	84966700	100%

l) Share Transfer System

All transfers of shares held in physical form are dealt by our Registrar and Share Transfer Agents. Presently the share transfers received in physical form are processed and registered within prescribed time periods (15) days from the date of receipt subject to the documents being valid and complete in all respects. Depositories control share transfers in Demat Mode. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance in respect of compliance with share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the stock exchanges.

m) Reconciliation of Share Capital Audit Report

As stipulated by Securities and Exchange Board of India, Company is required to carry out Reconciliation of Share Capital Audit (RSCA) from a practicing Company Secretary. This audit is carried out every quarter and the report thereon of Practicing Company Secretary is submitted to the stock exchanges. The audit, inter alia, confirms that the total listed and paid-up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

n) Plant Location:

The Company's plant is located at:

- Survey No. 245; Village Bharapar, Tal. Gandhidham, District: Kutch, Gujarat

o) Registered & Administrative Offices:**Registered Office**

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

Administrative Office:

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



S.A.L. STEEL LIMITED

p) Address for Investor Correspondence:

In case any problem or query shareholders can contact at:

Name : Babulal M Singhal, Compliance officer

Address : Shah Alloys Corporate House, Sola-Kalol Road, Santej, Dist. Gandhinagar, Gujarat 382 721

Phone : 91-02764-661100/11

Fax : 91-02764-661110

Email : sal.investor@salsteel.co.in

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

Name : Karvy Computershare Private Limited

Address : Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, - 500 032.

Phone : 91-040-67162222

Fax : 91-040-23001153

Toll Free no. : 1800-345-4001

Email : varghese1@karvy.com

Website : www.karvycomputershare.com

Annexure to Corporate Governance Report

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

We, Babulal Singhal, Whole Time Director & CFO and Anil Pandya Whole Time Director of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Clause-49 (IIE) of the Listing Agreement entered into with Stock Exchange. The Board has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company. All Board members and senior management personnel have affirmed their compliance with the code of conduct for the current year.

As required by Clause 49 of the Listing Agreement, Certificate of Compliance with the Corporate Governance Requirements by the Company issued by Auditors is given as an annexure to the Directors' Report.

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

The above Report was adopted by the Board at their meeting held on 5th May 2015.

For S.A.L Steel Limited

Anil Pandya

Whole Time Director

DIN:02453919

Babulal M. Singhal

WTD & CFO

DIN:01484213

Place : Santej

Date : 05.05.2015

CERTIFICATE ON CORPORATE GOVERNANCE

To

Members

S.A.L. Steel Limited

We have examined the compliance of the conditions of Corporate Governance by S.A.L. Steel Limited for the year ended 31st March, 2015 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.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement *except to the extent that Woman Director is yet to be appointed.*

We state that in respect of investor grievances received during the year ended 31st March, 2015, no investor grievances are pending against the company for the period exceeding one month, as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR, K.K PATEL AND ASSOCIATES

Company Secretaries

Kiran Kumar Patel

PROPRIETOR

CP No. 6352

Place : Gandhinagar

Date : 05.05.2015

**CERTIFICATION***(Pursuant to Clause 49 V of Listing Agreement)*

To

The Board of Directors

We hereby certify that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended **31st March 2015** and that to the best of our 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 our 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. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we 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 we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We 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 S.A.L Steel Limited**Place :** Santej**Date :** 05.05.2015**Anil Pandya**Whole Time Director
DIN:02453919**Babulal M. Singhal**WTD & CFO
DIN:01484213



**ANNEXURE – 4 TO DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS**

INDUSTRY STRUCTURE AND DEVELOPMENTS

Sources say the sponge iron sector's sales are estimated to have increased 24.3 per cent in 2014-15 due to a stellar performance by large-scale manufacturers. Sponge iron is primarily used to produce long steel, used in the construction sector. It is expected the steel sector will grow 6.2 per cent in 2015-16, against 4.3 per cent in April 2014-February 2015.

The government has announced many projects in the infrastructure sector, which will drive steel demand. Owing to this, production of sponge iron is likely to grow 6.4 per cent in 2015-16.

Iron ore and non-coking coal are used to produce sponge iron. Globally, the prices of these commodities have fallen sharply since 2013. Iron ore prices have fallen from \$152 a Tone in 2013 to \$50 a Tone. Though domestic prices were considerably higher compared to international prices, these have seen a sharp fall in the second half of 2014-15. Domestic producers of iron ore are reducing prices to compete with cheaper imports. As this is expected to continue, raw material expenses are expected to rise 11.9 per cent, a tad slower than sales.

Operating profits of the sponge iron sector are estimated to have risen sharply in 2014-15. The sector's operating margin is likely to have doubled to 11.1 per cent. During 2015-16, it is likely to remain flat. At the net level, the sector is estimated to have turned around in 2014-15, reporting a net profit equivalent to 2.1 per cent of total income, against a loss equivalent to three per cent of total income in 2013-14. In 2015-16, the net profit margin is likely to expand by 25 basis points to 2.4 per cent.

Our Company operates two kilns with an installed capacity of 1,80,000 tones per annum to produce sponge iron. The company has established loyal and stable customer base in Western India and export market. The company practices have resulted into a small product premium. The waste gas from sponge making kilns has significant energy in the form of heat. This energy is recovered in waste heat recovery boilers to generate steam, which then passes through the generator for producing power. Two power plants, based on waste heat from kilns with a combined generation capacity of 40 MW are also operated. Surplus power is sold. The power revenue also contributed to revenue and the bottom line.

Iron ore and coal are two important raw materials in production of sponge iron.

Ferro chrome is a value-added intermediate product which imparts the non-corrosive property to stainless steel. It is mainly used as an additive for making different grades of stainless steel and special alloy steel.

India is a significant player with almost a tenth of the global Ferro chrome output and produces about 1 million Tones per annum. At present growth of stainless steel production / consumption has been somewhat sedate. However, this is likely to change in the next 5 years as stainless steel is at a tipping point. As focus shifts from initial cost of acquisition to lifecycle cost, it is expected that stainless steel consumption will increase at a faster pace making India one of the key drivers and providing a boost to the Ferro chrome industry.

DISCUSSION ON COMPANY'S PERFORMANCE

During the year under review, Company's net revenue has increased from ₹ 32,941.81 lacs to ₹ 36,604.08 lacs. This marginal increase in turnover is attributed mainly on account of high cost of raw material and low price realization owing to slack market conditions domestically and internationally. However, losses are increased due to high raw material and power cost which impacted the bottom line of the company drastically and thus accumulated losses has made the net worth of the company negative.

SWOT ANALYSIS OF COMPANY**Strength**

- Good Industry experience & knowledge of Promoters.
- Good quality standards.
- Cost competitiveness.
- Diverse Supplier Base.
- Long-standing contracts for purchase of raw materials.
- Strong product design and development.
- Skilled, qualified and motivated employees.
- Broad-based manufacturing infrastructure.
- Captive Power Consumption.

**Weaknesses**

- Exposure to raw material price fluctuations.
- Under-utilization of plant capacity.
- Dependency on third party for raw material.

Opportunities

- Unexplored Markets.
- Ever-growing demand in Steel Industry.
- Strengthened manufacturing base and the existence of product development and marketing teams.

Threats

- Rising raw material prices.
- High Cost of Capital.
- Constraint of Raw Material availability
- Global economic slowdown.
- Unremunerative Prices.
- 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
- Raw Materials Availability risk
- Raw Material Price Fluctuation risks.
- Government Policy and Political Structure risk
- Competition risk
- Economic Slowdown risk

In its process of Risk Management, Company takes proactive steps in identifying inherent business and operational risks and accordingly takes appropriate steps to guard against these identified risks.

INTERNAL CONTROL SYSTEM

Your Company has in place adequate internal control systems commensurate with the size of its operations. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, applicable laws and regulations, safeguarding of assets and economical and efficient use of resources. The system is assessed periodically. The Internal Audit team continuously monitors the effectiveness of the internal control systems. It reports to the Audit Committee about the adequacy and effectiveness of the internal control system of your Company.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Company maintained healthy, cordial and harmonious industrial relations at all levels. The Board of Directors and management wish to place on record their appreciation of the efforts put in by all employees to achieve good performance.

RISK MANAGEMENT

Risks are events, situations or circumstances which may lead to negative consequences on a Company's business. Risk management is a structured approach to manage uncertainty. It involves identifying potential risks, assessing their potential impact, taking timely action to minimize potential impact and continuous monitoring of identified risks. Your Company has a robust risk management process to identify and assess business risks and opportunities. Your Company's risk management plan describes the potential risk, contains an analysis of the impact of risks and includes risk strategies to help the business reduce the consequences. The risk management plan of your Company is regularly reviewed to ensure that it accurately reflects the current potential risks to its business.



S.A.L. STEEL LIMITED

FUTURE OUTLOOK

Steel manufacturing industries, sponge iron & Ferro chrome manufacturing industries are running simultaneously. The future of Sponge Iron is dependent on the availability of the substitute i.e. iron scrap considering that there is enormous scope for increasing steel consumption in the domestic sector shows the prospects for the sponge iron also.

Sponge iron is mainly used to produce long steel which is used in the construction sector. The steel sector is expected to do well with production set to grow by 6.2% in 2015-16 as against 4.3% reported during April14 - February 2015. The government has announced many infrastructure projects which will drive the demand for steel & accordingly the production of sponge is also likely to grow by 6.4% in 2015 16. During 2015-16, company expects the operating margin of the industry to remain flat.

On the other hand, Ferro-Alloys Industry envisages power intensive production. In the absence of competitively available electrical power, the domestic industry may face stiff competition from imports leading to possible closure or underutilization of the capacity in the industry. To support power intensive production and steady power supplies to the Industry at a stable price, Company has its own 40 MW power plant and is focusing on its captive power generation for cheaper availability of electricity.

The chrome industry is at the crossroads buffeted by rising costs, stagnant prices and the dominance of China.

Your Company is confident about the future given the integrated nature of its operations, its location which is ideal to cater to demand. The main advantage to be shown is being closer to Sea ports for raw materials and being in Western India which is in the heart of finished products' requirement.

In the year 2014 world steel demand grew higher than previous forecasts due to a stronger than expected performance in the developed world in the second half of the year. It is expected that the global steel demand recovery continues but growth is stabilizing at a lower rate with continued volatility and uncertainty leading to a challenging environment for steel companies.

With the commitment of the Government towards infrastructure development in the country, the demand of stainless steel will definitely increase which in turn will provide a great opportunity for the higher demand for Ferro chrome.

CAUTIONARY NOTE

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

**ANNEXURE – 5 TO DIRECTORS' REPORT****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015****[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

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

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

Based on my/our verification of the records of **S A L STEEL LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/We have examined the books, papers, minute books, forms and returns filed and record maintained by S A L STEEL LIMITED (CIN: L29199GJ2003PLC043148) for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) As stated in the Annexure – A – all the laws, rules, regulations be applicable specifically to the company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable w.e.f 1st day of July 2015 and not mandatory right now is also complied.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchanges.

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

- (1) The company's Term Loan and CC accounts have been classified as NPA before its bankers as the company has made default in payment of Interest on Term Loan and CC account as well as not make repayment of Term Loan.

I/We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non- Executives Directors and Independent Directors *except*



S.A.L. STEEL LIMITED

I. The woman director is yet to be appointed as per requirement of Section 149.

II. The company has issued an appointment letter to Company Secretary who is yet to join and report on duty.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act. Form DIR 11 and DIR 12 also filed for Mr. Piyush Chandarana.

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

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

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

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

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

(II) Redemption/ buy-back of securities

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

(IV) Merger/ amalgamation/reconstruction etc.

(V) Foreign technical collaborations

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

**Place : Ahmedabad
Date : 5th May 2015**

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

ANNEXURE-A

Securities Laws

1. All Price Sensitive Information was informed to the stock exchanges from time to time
2. All investors complaints directly received by the company are recorded on the same date of receipts.

Labour Laws

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

Environmental Laws

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

Taxation Laws

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

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

**Place : Ahmedabad
Date : 5th May 2015**

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

**INDEPENDENT AUDITOR'S REPORT**

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

Report on the Financial Statements

We have audited the accompanying financial statements of **S.A.L STEEL Limited** ('the Company'), which comprise the Balance sheet as at March 31, 2015, the Statement of profit and loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Basis for Qualified Opinion

1. *Management is of the view that they do not anticipate execution of its ongoing capital projects. However, due provision / write off / impairment which must have been made in the books of accounts has not been made. Out of the total book value of Capital work in progress of ₹ 103,89,20,943/- during the year, the management has charged back only expense of pre operative expense, trial run expense and borrowing cost element for ₹ 47,48,71,471/- to the statement of profit and loss during the current year which was earlier capitalized. For the remaining balance, the company has not carried out any Techno-economic assessment during the year ended 31 March 2015 for the valuations of its ongoing Capital Projects and hence identification of impairment loss and provision thereof, if any, has not been made. The same is not in accordance with the notified Accounting Standard 28 on Impairment of asset which states that impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. The consequential impact of adjustment, if any, on the financial statements is currently not ascertainable. And hence we are unable to comment on its consequential impact, if any, on the financial statements.*

Apart from this, the Company has not made provision towards recovery of capital advances for the said project for the amount of ₹25,26,09,551/- which are currently shown under Long term loans and advances. The consequential impact of adjustment, if any, on the actual realization of said advances on the financial statements is currently not ascertainable. therefore we are unable to comment on its consequential financial impact, if any, on the financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the



S.A.L. STEEL LIMITED

state of affairs of the Company as at March 31, 2015, and its loss for the year ended March 31, 2015 and its cash flows for the year ended on that date.

Emphasis of Matters

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

- 1) Note No. 26 to the financial statements which describes that the Non disclosure of Reportable Segments as required under Accounting Standard – 17 'Segment Reporting', there is no impact on the Statement of Profit and Loss due to non disclosure.
- 2) Note No. 29 to the financial statements which describes that the company has reversed the Deferred Tax Asset for the amount of ₹ 16,44,16,320/- and charged it to Statement of Profit and Loss during the Year ended March 31, 2015 due to Management anticipating no sufficient future taxable Income to recover such Deferred Tax Asset. The same is in accordance with the notified Accounting Standard 22 on Accounting for Taxes on Income which states that Deferred Tax asset should be recognized to the extent there is virtually certainty that there will be sufficient future taxable income against which the said deferred tax asset can be realized. Due to reversal of the said deferred tax asset for ₹ 16,44,16,320/-, loss of the current year has been higher by ₹ 16,44,16,320/- and Negative balance of Reserves and Surplus has been lower by ₹ 16,44,16,320/- .
- 3) During the year, the Company has accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred a net loss/net cash loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note 27 to the financial statements.
- 4) Note 30 to the Financial Statements Regarding Dues to banks .

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance sheet, the Statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
 - (d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule -7 of the Companies (Accounts) Rules, 2014;
 - (e) The going concern matter as described in sub-paragraph (3) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18A to the financial statements;
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 05, 2015

**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:
- The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
 - As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
- ii) In respect of its inventories:
- As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on Physical Verification of Inventories as compared with the book records.
- iii) In respect of Loans, Secured or Unsecured granted by the company to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013: According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) of paragraph 3 of the Companies Auditor's Report Order 2015 are not applicable to the Company .
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and 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 system.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2015 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the cost records maintained by the Company as specified Central Government under sub Section (1) of Section 148 of the Companies Act, 2013 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.
- vii) In respect of the Statutory dues:
- According to the records of the company, undisputed Statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been generally regularly deposited during the year with the appropriate authorities.*
- On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2015 for a period of more than six months from the date of becoming payable.*

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

- b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues of ₹ 23,15,03,180/- have not been deposited as on 31st March, 2015 on account of matters pending before the appropriate authorities. The details of which are as under :

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where the dispute is pending	Amount under dispute not yet deposited (in ₹)
1	Central Excise Act, 1944	Central Excise Duty	2006-07	Appellate Tribunal Ahmedabad	5,55,781
2	Central Excise Act, 1944	Central Excise Duty	2008-09	Appellate Tribunal Ahmedabad	10,41,057
3	Custom Act, 1962	Custom Duty	2011-12	Appellate Tribunal Ahmedabad	2,41,79,202
4	Central Excise Act, 1944	Central Excise Duty	2012-13	Appellate Tribunal Ahmedabad	4,49,84,993
5	Gujarat Value Added Tax Act 2003	Value Added Tax	2006-07	Jt. Value Added Tax Commissioner (Appeal)	3,65,63,595
6	Central Excise Act, 1944	Central Excise Duty	2008-09 to 2010-11	Supreme Court	5,90,14,068
7	Central Service Tax Act, 1994	Service Tax Duty	2009-10	Service Tax Commissioner	25,36,074
8	Central Excise Act, 1944	Central Excise Duty	2005-06 to Sep 2014	Central Excise Commissioner	6,26,28,410

- c) According to the information and explanations given to us there is no amount which is required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956).

viii) On the basis of information and explanations given to us and on the basis of records produced before us, the company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The company has incurred cash losses amounting to Rs 2,82,13,058/- during the current year. The company has incurred cash losses amounting to Rs 28,00,81,448/- in the immediately preceding financial year.

ix) *On the basis of the information and explanation given to us and on the basis of records produced before us, the company has defaulted in repayment of Principal portion of the Term Loan to the extent of Rs 59,62,00,000/- as at the year end. The company has also defaulted in payment of interest on term loan to the extent of Rs 39,41,29,005/- as at the year end. The period of default on repayment of principal and payment of interest is ranging for a period from 1 day to 912 days and 1 day to 820 days respectively. The company has also defaulted in payment of interest on working capital facilities to the extent of Rs 21,25,93,330/- as at the year end. The period of default in payment of interest is ranging for a period from 1 day to 881 days. Moreover, the company has defaulted in honouring L/C payments to the extent of ₹ 12,50,04,346/- as at the balance sheet date. The period of default in honouring L/C payments is ranging for a period from 609 days to 783 days .*

x) The company has given corporate guarantee for Rs 80,00,00,000/- in the earlier years. As on March 31, 2015, the balance of said corporate guarantee is ₹ 6,03,78,259/- . In our opinion, the terms and conditions on which the company has given guarantee is not prejudicial to the interest of the company. The guarantee amount keeps on reducing to the extent SAL Steel Limited repays Inter corporate deposit to Shah Alloys Limited. The Guarantee ceases to exist upon repayment of entire amount of Inter corporate deposit to Shah Alloys Limited.

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

xii) In our opinion and according to the information and explanations given to us and based on 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)

Place : Ahmedabad
Date : May 05, 2015

Umesh Talati
Partner
Mem No. : 034834


BALANCE SHEET AS AT MARCH 31, 2015

(Amount in ₹)

Particulars	Note No.	As At 31 st March 2015	As At 31 st March 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	84 96 67 000	84 96 67 000
(b) Reserves and surplus	4	(91 29 53 658)	(14 91 78 729)
		(63,286,658)	70 04 88 271
(2) Non-current liabilities			
(a) Long-term borrowings	5	15 13 54 781	54 04 87 462
(b) Other Long Term Liabilities	6	7 00 00 000	7 00 00 000
(c) Long-term provisions	7	66 07 956	51 50 325
		22 79 62 737	61 56 37 787
(3) Current liabilities			
(a) Short-term borrowings	8	76 75 15 016	75 31 60 226
(b) Trade payables	9	27 39 90 490	23 57 17 658
(c) Other current liabilities	10	167 39 34 948	181 96 78 798
(d) Short-term provisions	11	67 08 896	62 20 202
		272 21 49 350	281 47 76 884
TOTAL		288 68 25 429	413 09 02 942
II ASSETS			
Non-current assets			
(1) (a) Fixed assets	12		
(i) Tangible assets		146 76 42 281	156 22 10 992
(ii) Intangible assets		5 76 503	5 76 503
(iii) Capital work-in-progress		56 40 49 472	103 89 20 943
		203 22 68 256	260 17 08 438
(b) Long-term loans and advances	13	26 86 86 384	33 39 51 801
(c) Deferred Tax Assets (Net)	14	16 16 28 955	
		230 09 54 640	309 72 89 194
(2) Current assets			
(a) Inventories	15	31 66 21 220	38 60 22 176
(b) Trade receivables	16	12 95 76 610	48 08 81 687
(c) Cash and bank balances	17	1 30 62 252	1 07 36 318
(d) Short-term loans and advances	18	12 66 10 707	15 59 73 567
		58 58 70 789	103 36 13 748
TOTAL		288 68 25 429	413 09 02 942
The accompanying notes are an integral part of these financial statements.	1 to 40		
As Per our report of even date For, Talati & Talati <i>Chartered Accountants</i> (Firm Regn No.: 110758W) Umesh Talati <i>Partner</i> Membership No. 034834 Place : Ahmedabad Date : May 5, 2015		For and on behalf of the Board of Directors Rajendra V. Shah Chairman Sujal A Shah Director B.M. Singhal Director Cum C.F.O. Anil Pandya Director	



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON MARCH 31, 2015

(Amount in ₹)

Particulars	Note No.	Year ended on March 31, 2015	Year ended on March 31, 2014
I. Revenue from operations	19	4 06 27 78 236	3 61 74 72 576
Excise duty		(40 88 85 310)	(33 86 28 089)
Revenue from operations(net)		3 65 38 92 926	3 27 88 44 487
II. Other income	20	65 15 853	1 53 37 000
III. Total revenue (I + II)		3 66 04 08 779	3 29 41 81 487
IV. Expenses:			
Cost of materials consumed	21	2 59 95 63 793	2 23 61 25 567
Purchases of stock-in-trade		3 01 13 064	11 53 87 482
Changes in inventories of finished goods, work-in-progress and stock-in-trade.	22	6 21 01 706	14 17 25 568
Employee benefits expense	23	10 26 89 739	9 62 42 664
Finance costs	24	29 91 73 528	30 23 95 410
Depreciation and amortization expense		8 74 02 315	17 48 42 323
Other expenses	25	59 84 66 890	69 41 76 101
Total expenses		3 77 95 11 035	3 76 08 95 115
V. Loss before Extra Ordinary Items and Tax (III-IV)		11 91 02 256	46 67 13 628
Extra Ordinary Items (refer note no: 30)		47 48 71 471	0
Loss before Tax (III-IV)		59 39 73 727	46 67 13 628
VI Tax expense:			
Current tax		0	0
Deferred tax (refer note no: 31)		16 44 16 320	(11 30 20 388)
Income tax of earlier years		(28 299)	5 73 718
VII Loss for the period (VII-VIII)		75 83 61 748	35 42 66 958
VIII Earnings per equity share(Face value of ₹ 10/- each)	34		
Basic and Diluted - Before Extra Ordinary Items		(3.34)	(4.17)
Basic and Diluted - After Extra Ordinary Items		(8.93)	(4.17)

The accompanying notes are an integral part of these financial statements 1 to 40

As Per our report of even date

For, Talati & Talati

Chartered Accountants

(Firm Regn No.: 110758W)

Umesh Talati

Partner

Membership No. 034834

Place : Ahmedabad

Date : May 5, 2015

For and on behalf of the Board of Directors

Rajendra V. Shah Chairman**Sujal A Shah** Director**B.M. Singhal** Director Cum C.F.O.**Anil Pandya** Director


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015

(Pursuant to the listing Agreement with Stock Exchange)

PARTICULARS	2014-15		2013-14	
	Amount in ₹		Amount in ₹	
A) CASH FLOW FROM OPERATING ACTIVITIES:				
NET PROFIT/(LOSS) BEFORE TAX		(590,417,773)		(463,796,370)
Add/(Less):				
Depreciation and amortization expense	87,402,315		174,842,323	
Debit /(Credit) Balance written off	(635,776)		(2,415,613)	
Unrealised Foreign Exchange Loss/ (Gain)	(49,734)		253,081	
Financial Cost	299,173,528		316,210,667	
Bad Debts	1,245,518		1,068,454	
Provision for Doubtful Debts and Advances	2,926,876		12,883,935	
Interest Income	(4,075,186)	385,987,541	(11,841,387)	491,001,460
		(204,430,232)		27,205,090
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Adjustments for:				
Trade and Other Receivables	376,495,544		(37,608,000)	
Inventories	69,400,956		155,828,116	
Trade Payables and other liabilities	(104,839,184)	341,057,316	(309,435,533)	(191,215,417)
CASH GENERATED FROM OPERATIONS		136,627,084		(164,010,327)
Less: Income Tax Paid		(28,299)		573,718
CASH FLOW BEFORE EXTRA ORDINARY ITEMS		136,655,383		(164,584,045)
Add / (Less):				
Reversal of Pre-Operative/ Trial Run /		474,871,471		-
Borrowing Cost Expenses of Capital Work In Progress				
Prior period items		(3,555,955)		(2,917,257)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)		607,970,899		(167,501,302)
B) CASH FLOW FROM INVESTING ACTIVITIES:				
Sale Proceeds of Assets	(0)		2,547,091	
Interest Income	4,075,186		11,841,387	
Purchase of Fixed Assets	(1,034,149)		(664,402)	
Investment in Capital Work in Progress	0		1,127,634	
NET CASH FLOW FROM INVESTING ACTIVITIES (B)		3,041,037		14,851,710
C) CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from Working Capital Loans	14,746,448		246,356,570	
Proceeds /(Repayment) from / to Long Term Loans	(288,848,926)		268,633,609	
Financial Expense	(299,173,528)		(316,210,667)	
Proceeds / (Repayment) from / to Vehicles Loans	(283,755)		(3,544,756)	
Proceeds / (Repayment) from / to Long term borrowings	(100,000,000)		-	
Proceeds / (Repayment) from / to Short term borrowings	(391,658)		(101,328,734)	
Movement of Loans and Advances	65,265,417		20,553,474	
NET CASH FLOW FROM FINANCING ACTIVITIES (C)		(608,686,002)		114,459,496
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS(A+B+C)		2,325,934		(38,190,096)
Cash & Cash Equivalent in the Beginning of the year		10,736,318		48,926,414
Cash & Cash Equivalent in the Closing of the year		13,062,252		10,736,318
Note:				
Cash and Bank Balances:				
Balances with banks(in Current Accounts)		As At		As At
Cash on Hand		March 31,2015		March 31,2014
Other bank balances:		6,386,065		4,234,879
Margin Money		519,468		670,677
Total		6,156,719		5,830,762
		13,062,252		10,736,318

As Per our report of even date

For, Talati & Talati

Chartered Accountants

(Firm Regn No.: 110758W)

Umesh Talati

Partner

Membership No. 034834

Place : Ahmedabad

Date : May 5, 2015

For and on behalf of the Board of Directors

Rajendra V. Shah

Chairman

Sujal A Shah

Director

B.M. Singhal

Director Cum C.F.O.

Anil Pandya

Director

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015:****1. 1.1 CORPORATE INFORMATION**

The company is engaged in manufacturing Sponge Iron, Ferro Alloys, MS & SS Angle and power and the same are sold in the domestic market. Because of the Captive power generation, company has advantage of low power cost per unit of manufacturing. Company is generating 40 MW Power from waste Heat recovery Boiler & Fluidized Bed Combustion boiler with economic price. Power generated is used for captive consumption and surplus power is sold resulting profit.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

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

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

2.2 Revenue Recognition

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

2.3 Excise Duty

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

2.4 Fixed Assets :**Tangible Assets:**

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

Intangible Assets:

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

2.5 Valuation of Inventories

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

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

Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates. Net realizable value is estimated at the expected selling price less estimated completion and selling costs.

2.6 Cash flow statement

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

2.7 Investments

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

2.8 Employee Benefits**(a) Short term**

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

(b) long term

The Company has both defined contribution and defined benefit plans.

**(c) Defined contribution plans**

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

(d) Defined benefit plans

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

(e) Other employee benefits

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

2.9 Taxation

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

2.10 Depreciation**On Tangible Assets:**

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

Till the year ended March 31, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013.

Till the year ended March 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher / lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

On Intangible Assets:

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

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

2.11 Foreign currency transactions

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

2.12 Borrowing cost

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

2.13 Earnings per share

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

2.14 Impairment of Assets

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

2.15 Provisions, Contingent Liability and Contingent Asset

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



S.A.L. STEEL LIMITED

Notes forming part of the financial statements

(Amount in ₹)

Note 3 : Share Capital	As At March 31, 2015	As At March 31, 2014
The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 10/- each as follows:		
Authorised : 14,00,00,000 Equity Shares of ₹ 10/- each (Previous year : 14,00,00,000 Equity Shares of ₹ 10/- each)	1 40 00 00 000	1 40 00 00 000
Issued, Subscribed & Fully paid-up: 8,49,66,700 Equity Shares of ₹ 10/- each fully paid up (Previous year : 8,49,66,700 Equity Shares of ₹ 10/- each fully paid up)	84 96 67 000	84 96 67 000
Total	84 96 67 000	84 96 67 000

a) Reconciliation of number of shares:

	As at March 31, 2015		As at March 31, 2014	
Equity Shares	Number of shares	Amount (in ₹)	Number of shares	Amount (in ₹)
Shares outstanding at the beginning of the year	8 49 66 700	84 96 67 000	8 49 66 700	84 96 67 000
Changes during the Year	-	-	-	-
Shares Outstanding at the end of the year	8 49 66 700	84 96 67 000	8 49 66 700	84 96 67 000

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

Equity shares:

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

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

Particulars	As at March 31, 2015		As at March 31, 2014	
Equity shares	No. of shares	% of holding	No. of shares	% of holding
Shah Alloys Limited	3 02 56 989	35.61	3 02 56 989	35.61
SAL Care Pvt Limited	1 27 02 900	14.95	1 27 02 900	14.95
Total	4 29 59 889	50.56	4 29 59 889	50.56

d) Terms of securities convertible into equity shares:

Convertible warrants:

On February 3 2012, 3,20,00,000 convertible warrants were issued for cash at ₹ 10/- each to strategic investors and to persons belonging to promoters and promoters group category aggregating to ₹ 32,00,00,000 convertible into 3,20,00,000 no. of equity shares of face value of ₹10/- each, out of which the company has received amount equivalent to 25% of the total consideration per warrant. Accordingly company has received money to the extent of ₹ 8,00,00,000 and allotted 3,20,00,000 warrants of ₹ 10/- each on February 3, 2012. The lock in requirements of above warrants and/or equity shares arising on conversion of warrants into equity shares be in accordance with the provisions of SEBI(ICDR) Regulations, 2009 [at the sole option of warrant holder(s) at any time within a period of 18 months from the date of allotment of warrants.]

The Company has fully utilised money received against issue of convertible warrant of ₹ 8,00,00,000 towards working capital requirements in the earlier years.


Notes forming part of the financial statements [Contd...]
(Amount in ₹)

Note 4 : Reserves and surplus	As At March 31, 2015	As At March 31, 2014
(A) Security Premium Reserve:		
Balance as per last financials	28 78 20 080	28 78 20 080
(i) General Reserve:		
Balance as per last financials	5 11 096	5 11 096
(ii) Capital Reserve:		
Forfeited Share warrant (amount originally paid up)	8 00 00 000	8 00 00 000
(ii) Statement of Profit & Loss :		
Balance as per last financials	(51 75 09 906)	(16 32 42 948)
Add: Loss for the Year	(75 83 61 748)	(35 42 66 958)
Less: Transitional adjustment on Depreciation	(54 13 180)	0
Closing Balance	(1 28 12 84 834)	(51 75 09 906)
Total	(91 29 53 658)	(14 91 78 730)

Note 5 : Long term borrowings	As At March 31, 2015	As At March 31, 2014
(A) Secured :		
Term Loans		
(i) From banks	13 77 76 286	42 66 25 212
Vehicle loans	0	2 83 755
(B) Unsecured:		
(i) Deferred payment liabilities:		
Deferred sales tax liability	1 35 78 495	1 35 78 495
(ii) Loans and advances from related parties:		
Inter Corporate Deposit	0	10 00 00 000
Total	15 13 54 781	54 04 87 462

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

- 1) Term Loans are Secured by first charge on all the Immovable and Movable assets present & future ranking parri passu with charges created/to be created in favour of other institution/banks subject to prior charge on current assets in favour of the company's bankers for working capital borrowings. Term loan of ₹ 50 cr is secured by pledge of 1,07,56,989 shares of SAL Steel Limited hold by Shah Alloys Limited (restricted to new captive power project only).
- 2) Term loans are further secured by personal guarantees of (i) Shri Rajendrabhai V. Shah (ii) Smt. R.R. Shah (iii) Shri Jayesh V. Shah (iv) and Corporate Guarantee of M/s Shah Alloys Limited.(Amounting to ₹ 207,50,00,000/-) Term Loan is carrying rate of Interest(at present) from 14% to 16% p.a. repayable over a period of 6 years

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

Particulars	2016-17	2017-18	Total
PLR + 6.75%	3 00 00 000	0	3 00 00 000
PLR + 5.25%	1 15 00 000	0	1 15 00 000
PLR + 6.90%	5 86 00 000	2 50 76 286	8 36 76 286
PLR + 1.5%	65 00 000	61 00 000	1 26 00 000
Total	10 66 00 000	3 11 76 286	13 77 76 286

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

The company has made a default in repayment of Principal amount of Term Loan to the extent of ₹ 59,62,00,000/- as at the balance sheet date. The company has also defaulted in payment of interest on term loan to the extent of ₹ 39,41,29,005/- as at the balance sheet date. The period of default on repayment of principal and payment of interest is ranging for a period from 1 day to 912 days and 1 day to 820 days respectively.

Vehicle loan:

Vehicle loans from "banks" are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 10 to 12% p.a.

**S.A.L. STEEL LIMITED****Notes forming part of the financial statements [Contd...]**

Vehicle loans from “financial institutions” are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 10 to 12 %p.a.

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

Deferred sales tax liability is interest free and payable in six equal annual installments of ₹ 22,63,082/- each payable from 1st May, 2016

(b) Loans and advances from related parties:

The company has taken an interest free inter corporate deposit in the earlier years.

(Amount in ₹)

Note 6: Other Long term Liabilities	As At March 31, 2015	As At March 31, 2014
Others:		
Trade Deposit	7 00 00 000	7 00 00 000
Total	7 00 00 000	7 00 00 000

Note 7: Long term provisions	As At March 31, 2015	As At March 31, 2014
Provision for employee benefits:		
Provision for gratuity	47 21 263	40 18 578
Provision for leave encashment	18 86 693	11 31 747
Total	66 07 956	51 50 325

Note 8 : Short term borrowings	As At March 31, 2015	As At March 31, 2014
(A) Secured:		
Loans repayable on demand		
Working capital facilities		
(i) From banks	69 29 72 738	67 82 26 290
(B) Unsecured:		
Loans and advances from related parties:		
- From directors	83 19 081	83 19 081
- Inter corporate deposit	5 76 24 047	1 25 56 340
Deposits:		
- Inter corporate deposit	85 99 150	5 40 58 515
Total	76 75 15 016	75 31 60 226

Nature of security provided for short term borrowings:

Cash Credit facilities are Secured by hypothecation of entire current assets of the company on parri passu basis with the consortium member banks & second charge on fixed assets of the company on parri passu basis with consortium member banks subject to first charge on parri passu basis with the Union bank of India and State bank of India for their respective Loans.)

The Loans are further secured by personal guarantee of i) Shri Rajendrabhai V. Shah ii) Smt. R.R. Shah iii) Shri Jayesh .V. Shah and iv) Corporate guarantee of M/s Shah Alloys Limited(Amounting to ₹ 207,50,00,000

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

(Amount in ₹)

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

The company has defaulted in payment of interest on working capital facilities to the extent of ₹ 21,25,93,330/- as at the balance sheet date. The period of default on payment of interest is ranging for a period from 1 day to 881 days. Moreover, the company has defaulted in honouring L/C payments to the extent of ₹ 12,50,04,346/- as at the balance sheet date. The period of default in honouring L/C payments is ranging for a period from 609 days to 783 days.

Loans and Advances from Related Parties:

The company has taken loan during the year from a related party as mentioned herewith: SAL Care Private Limited and SAL Hospital & Medical Institute (a division of SAL Care Private Limited) and SAL Corporation Pvt Limited total amount of ₹ 119567707 and repaid of ₹ 74500000 during the year. This party is covered under the register maintained under section 189(1) of the Companies Act , 2013.

Note 9 : Trade Payables	As At March 31, 2015	As At March 31, 2014
Due to Micro, Small and Medium Enterprises *	0	0
Other than Micro, Small and Medium Enterprises	27 39 90 490	23 57 17 658
Total	27 39 90 490	23 57 17 658

* The Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

Note 10: Other current liabilities	As At March 31, 2015	As At March 31, 2014
(a) Current Maturities of Long term Debt	29 43 19 753	46 79 15 856
(b) Interest accrued and due on borrowings	60 67 22 338	34 62 50 174
(c) Income received in advance	1 75 45 045	4 74 07 937
(d) Other payables:		
- Term Loans from Banks	59 62 00 000	36 60 00 000
- Statutory dues & unpaid expense	9 20 81 100	7 61 67 926
- Creditors for capital goods	53 59 524	53 59 524
- Inter corporate deposit - (Related Party)	6 03 78 259	50 00 00 000
- Book Overdraft	13 28 929	1 05 77 381
Total	1 67 39 34 948	1 81 96 78 798

Note 11 : Short term provisions	As At March 31, 2015	As At March 31, 2014
Provision for Employee Benefits:		
Provision for bonus	55 08 079	52 92 900
Provision for gratuity	8 37 465	6 18 960
Provision for leave encashment	2 63 352	1 75 213
Others:		
Provision for wealth tax	1 00 000	1 33 129
Total	67 08 896	62 20 202



S.A.L. STEEL LIMITED

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

Note 12: Fixed Assets

(Amount in ₹)

TANGIBLE ASSETS :								
PARTICULARS	Freehold Land	Buildings	Plant and Machineries	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Total
Cost of Assets								
As at 1st April 2013	5 20 94 602	44 31 32 186	247 87 64 986	61 96 300	10 21 81 757	40 08 525	98 07 798	309 61 86 154
Addition	0	0	0	0	6 43 102	21 300	0	6 64 401
Disposal/Adjustments	0	0	25 47 091	0	0	0	0	25 47 091
As at 31st March 2014	5 20 94 602	44 31 32 186	247 62 17 895	61 96 300	10 28 24 859	40 29 825	98 07 798	309 43 03 465
Addition	0	0	0	0	8 03 449	70 100	1 60 600	10 34 149
Disposal/Adjustments	0	0	0	0	0	0	0	0
Other adjustment	0	0	0	0	0	0	0	0
As at 31st March 2015	5 20 94 602	44 31 32 186	247 62 17 895	61 96 300	10 36 28 308	40 99 925	99 68 398	309 53 37 614
Depreciation								
As at 1st April 2013	0	9 86 75 234	120 27 69 584	28 54 180	4 62 07 193	10 66 409	70 60 700	135 86 33 300
Charge for the year	0	1 47 60 064	14 57 24 174	3 91 151	1 08 79 126	1 90 747	15 13 911	17 34 59 173
Disposal/Adjustments	0	0	0	0	0	0	0	0
As at 31st March 2014	0	11 34 35 298	134 84 93 758	32 45 331	5 70 86 319	12 57 156	85 74 611	153 20 92 473
Charge for the year	0	1 37 19 777	5 88 34 540	12 70 760	1 20 61 067	8 46 085	6 70 086	8 74 02 315
Disposal/Adjustments	0	54 12 059	0	0	11 41 458	13 80 407	2 66 621	82 00 545
As at 31st March 2015	0	13 25 67 134	140 73 28 298	45 16 091	7 02 88 844	34 83 648	95 11 318	162 76 95 333
Net Block								
As at 31st March 2014	5 20 94 602	32 96 96 888	112 77 24 137	29 50 969	4 57 38 540	27 72 669	12 33 187	156 22 10 992
As at 31st March 2015	5 20 94 602	31 05 65 052	106 88 89 597	16 80 209	3 33 39 464	6 16 277	4 57 080	146 76 42 281

INTANGIBLE ASSETS :

(Amount in ₹)

PARTICULARS	Software	Total
Cost of Assets		
As at 1st April 2013	1 15 30 000	1 15 30 000
Addition		
Disposal/Adjustments	0	0
Other adjustment	0	0
As at 31st March 2014	1 15 30 000	1 15 30 000
Addition		
Disposal/Adjustments	0	0
Other adjustment	0	0
As at 31st March 2015	1 15 30 000	1 15 30 000
Depreciation		
As at 1st April 2013	95 70 347	95 70 347
Charge for the year	13 83 150	13 83 150
Disposal/Adjustments		
As at 31st March 2014	1 09 53 497	1 09 53 497
Charge for the year	0	0
Disposal/Adjustments	0	0
As at 31st March 2015	1 09 53 497	1 09 53 497
Net Block		
As at 31st March 2014	5 76 503	5 76 503
As at 31st March 2015	5 76 503	5 76 503


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

CAPITAL WORK IN PROGRESS	31.03.2015	31.03.2014
Building and Plant & Machinery	56 40 49 472	56 40 49 472
Pre-operative Expenses (refer note no:30)	0	33 56 75 244
Amount of borrowing cost capitalized (refer note no: 30)	0	13 91 96 227
Total	56 40 49 472	103 89 20 943

- 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.
- 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.
- Advances to Project suppliers are shown under Long term loans & advances included in Capital advances.

(Amount in ₹)

Note 13: Long Term Loans and Advances (Unsecured, considered good unless otherwise stated)	As At March 31, 2015	As At March 31, 2014
Capital Advances (refer note no: 30)	25 26 09 551	31 78 73 968
Security Deposits	1 60 76 833	1 60 77 833
Total	26 86 86 384	33 39 51 801

Note 14: Deferred tax liabilities(Net)	As At March 31, 2015	As At March 31, 2014
Deferred tax assets:		
Unabsorbed Business Loss	0	31 81 17 455
Gratuity, Leave Encashment and interest	0	8 52 20 069
Gross deferred tax asset(A)	0	40 33 37 524
Deferred tax liabilities:		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	0	24 17 08 569
Gross deferred tax liability(B)	0	24 17 08 569
Net deferred tax (liability) / Asset (A-B)	0	16 16 28 955

Note 15: Inventories (At lower of cost or net realisable value)	As At March 31, 2015	As At March 31, 2014
(As taken, valued and certified by the management)		
Raw Materials		
i) In stock	5 82 94 561	5 95 12 120
ii) In Transit / with third party	4 42 29 276	4 69 17 019
Work in Progress	50 58 665	24 99 129
Finished Goods	6 32 51 451	11 96 57 844
Stores and Spares	14 41 85 598	14 75 79 546
Others:		
By Products	16 01 669	98 56 518
Total	31 66 21 220	38 60 22 176

Note 16: Trade receivables (Unsecured, considered good unless otherwise stated)	As At March 31, 2015	As At March 31, 2014
Trade Receivable outstanding for more than six months from the date they became due for payments	2 54 88 900	1 00 55 085
Others	10 40 87 710	47 08 26 602
Doubtful	37 67 893	32 80 064
	13 33 44 503	48 41 61 751
Less: Provision made for doubtful debts	37 67 893	32 80 064
Total	12 95 76 610	48 08 81 687



S.A.L. STEEL LIMITED

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

(Amount in ₹)

Note 17: Cash and bank balances	As At March 31, 2015	As At March 31, 2014
(A) Cash and cash equivalents:		
i) Balances with banks(in Current Accounts)	63 86 065	42 34 879
ii) Cash on Hand	5 19 468	6 70 677
	69 05 533	49 05 556
(B) Other bank balances:		
Margin Money*	61 56 719	58 30 762
Total	1 30 62 252	1 07 36 318

* Margin Money deposits with a carrying amount of ₹ 61,56,719/- (Previous Year: ₹ 58,30,762/-) are given as margin against Letter of Credit / Bank Guarantee opened with bank

Note 18: Short term loans and advances (Unsecured, considered good unless otherwise stated)	As At March 31, 2015	As At March 31, 2014
Others:		
Loans and Advances to Employees	18 16 204	16 82 642
Balance with Government Authority	4 93 31 175	6 19 55 795
Advance Income Tax (Net of Provision)	33 81 440	21 54 222
Advances recoverable in cash or in kind	7 20 81 888	9 01 80 908
Total	12 66 10 707	15 59 73 567

Note 18 A: Contingent liabilities and commitments (to the extent not provided for):	As at March 31,2015	As at March 31,2014
(A) Contingent liabilities:		
(i) Claims against the company not acknowledged as debts:		
With Government Authorities	23 15 03 180	31 35 45 426
Others	42 16 58 001	11 87 99 497
(ii) Guarantees:		
Corporate guarantee given for Shah Alloys Limited	60,378,259	80 00 00 000
Bank guarantee given	2,127,000	36 27 000

(B) Commitment:

Estimated amount of contracts, remaining to be executed on capital account and not provided for ₹ 22,15,07,071/- net of advance (Previous Year : ₹ 22,04,57,801/-).

Commercial Tax Department has challenged by way of Tax Appeal before High Court, the order of Tribunal dated 27.12.2010 wherein judgment dated 15.09.2010 of Joint Commissioner of Commercial Tax (Legal) was quashed and decided that non cooking coal used in the manufacturing process for Sponge Iron as raw material and eligible for ITC under Section 11 (3)(b). The result of the appeal will decide whether company has to claim amount of ITC or refund ITC already taken. However, amount of contingent liability cannot be ascertained.


Notes forming part of the financial statements [Contd...]
(Amount in ₹)

Note 19: Revenue from operations	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Sale of products	406 27 78 236	361 74 72 576
Less: Excise duty	40 88 85 310	33 86 28 089
Total	365 38 92 926	327 88 44 487

Note 19.1: Particulars of Sale of Products	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Sponge Iron	312 50 99 071	263 55 11 041
Ferro Alloys	67 74 83 882	55 82 04 652
Others	5 82 54 303	14 38 00 583
Power	20 19 40 980	27 99 56 300
Total	406 27 78 236	361 74 72 576

Note 20: Other income	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Interest income:		
Interest on FDR	4 91 271	26 59 911
Interest Income (Others)	35 83 915	91 81 476
Non operating income:		
Rent Income	9 60 000	9 60 000
Miscellaneous receipts	1 20 000	1 20 000
Foreign exchange fluctuation Gain (Net)	7 24 891	0
Sundry balances written back(Net)	6 35 776	24 15 613
Total	65 15 853	1 53 37 000

Note 21: Cost of material consumed	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Raw material consumed		
Opening stock	7 00 77 267	11 01 87 972
Purchases and Direct Expense	262 86 07 808	219 60 14 862
Less :Closing stock	9 91 21 282	7 00 77 267
Total	259 95 63 793	223 61 25 567



S.A.L. STEEL LIMITED

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

(Amount in ₹)

Note 22: Changes in inventories of finished goods, work-in-progress and Stock-in-Trade.	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
A) Opening stock		
Finished goods	11 96 57 844	22 69 20 756
Work in progress	24 99 129	44 92 722
By-products	98 56 518	4 23 25 581
Sub-Total (A)	13 20 13 491	27 37 39 059
B) Less: Closing stock		
Finished goods	6 32 51 451	11 96 57 844
Work in progress	50 58 665	24 99 129
By-products	16 01 669	98 56 518
Sub-Total (B)	6 99 11 785	13 20 13 491
Total(A-B)	6 21 01 706	14 17 25 568

Note 23: Employee benefits expense	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Salaries, wages & bonus	9 43 95 301	9 18 28 926
Contribution to provident & other funds	51 80 485	10 93 364
Staff welfare expenses	31 13 953	33 20 374
Total	10 26 89 739	9 62 42 664

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

Defined contribution plan:

Particulars	2015-14	2013-14
Employer's Contribution to Provident Fund	27 75 667	19 45 678

Defined Benefit Plan:

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

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

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Opening defined benefit obligation at the beginning of the year	46 37 537	52 61 013	13 06 959	17 57 962
Current Service cost	11 91 342	10 91 973	4 88 740	4 47 975
Interest cost	3 93 853	4 22 582	1 10 961	1 43 865
Actuarial (Gain) / Loss	(29 219)	(19 22 878)	2 49 141	(10 35 832)
Benefits paid	(6 34 786)	(2 15 153)	(5 757)	(7 013)
Closing defined benefit obligation at the end of the year	55 58 727	46 37 537	21 50 044	13 06 959

**Notes forming part of the financial statements [Contd...]****II. Reconciliation of opening and closing balance of fair value of plan assets:**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Opening fair value of plan assets				
Expected return on plan assets				
Actuarial Gain / (Loss)	Not applicable as Gratuity Liability is not funded		Not applicable as leave Liability is not funded	
Employer contribution				
Benefits paid				
Closing fair value of plan assets				

III. Reconciliation of fair value of assets and obligation:**(Amount in ₹)**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Fair value of plan assets	-	-	-	-
Present value of obligation	55 58 727	46 37 537	21 50 044	13 06 959
Amount recognised in balance sheet	55 58 727	46 37 537	21 50 044	13 06 959

IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '24')

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Service cost	11 91 342	10 91 973	4 88 740	4 47 975
Interest cost	3 93 853	4 22 582	1 10 961	1 43 865
Expected return on plan assets				
Actuarial Gain /(Loss)	(29 219)	(19 22 878)	2 49 141	(10 35 832)
Net cost included in 'Employee Benefit Expense'	15 55 976	(4 08 323)	8 48 842	(4 43 992)

V. Investment details:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2014-15	2013-14	2014-15	2013-14
GOI Securities				
Public Securities				
Special Deposit Schemes				
State Govt. Securities	Not applicable as Gratuity Liability is not funded		Not applicable as leave Liability is not funded	
Private Sector Securities				
Insurance Policies				
Others				

VI. Actuarial assumptions:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2014-15	2013-14	2014-15	2013-14
Mortality Table	LIC 2006-08	LIC 2006-08	LIC 2006-08	LIC 2006-08
Discount rate (per annum)	7.80%	9.10%	7.80%	9.10%
Expected rate of return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%



S.A.L. STEEL LIMITED

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

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

(Amount in ₹)

Particulars	31/03/2015	31/03/2014	31/03/2013	31/03/2012	31/03/2011
Gratuity (Unfunded)					
Defined Benefit obligation	55 58 727	46 37 537	52 61 013	37 45 590	27 26 075
Plan assets	0	0	0	0	0
Surplus / (Deficit)	(55 58 727)	(46 37 537)	(52 61 013)	(37 45 590)	(27 26 075)
Experience adjustments on plan liability	(696,974)	(1,483,361)	(4 64 632)	(1 87 834)	(5 35 509)
Experience adjustments on plan assets	-	-	-	-	-
Leave encashment (Unfunded)					
Defined benefit obligation	21 50 044	13 06 959	17 57 963	10 70 713	7 98 644
Experience adjustment on plan liability	(1 50 822)	(9 20 470)	(1 04 745)	(2 64 108)	73 242

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 (₹ 19,45,678/-) 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.

Note 24: Finance costs	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
(A) Interest expense:		
Term loans	17 58 78 343	18 21 57 402
Working capital	11 06 43 688	10 85 10 896
Others	1 26 51 497	1 17 27 112
Total	29 91 73 528	30 23 95 410


Notes forming part of the financial statements [Contd...]
(Amount in ₹)

Note 25: Other expenses	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
Consumption of stores & spares	9 72 09 867	6 73 52 177
Power & fuel (Including cost of power generation)	34 55 69 553	41 53 99 833
Labour charges	4 49 34 253	4 11 01 499
Rent expenses	43 96 474	19 89 038
Rates & taxes(incl. wealth tax of ₹100000 /-)[Previous year wealth tax ₹133129 /-]	5 41 616	2 93 612
Legal, consultancy & professional charges	68 12 674	49 95 970
Commission and Brokerage expense	51 81 566	47 40 006
Bad debts	12 45 518	10 68 454
Payment to Auditors #	7 35 000	6 88 510
Freight outward	3 24 77 864	6 45 14 375
Sales tax	2 44 96 415	2 19 97 205
Service tax	(3 19 414)	9 14 343
Repairs		
- to Plant & machinery	42 32 091	33 76 370
- to Others	50 56 771	59 61 513
\Insurance	10 08 618	18 16 615
Excise duty adjustment for stock*	(60 75 077)	(1 59 73 934)
Foreign exchange fluctuation loss (Net)	0	1 89 93 917
Miscellaneous expenses	3 09 63 101	5 49 46 597
Total	59 84 66 890	69 41 76 101

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

# Payments to Auditors	For the Year ended on 31st March 2015	For the Year ended on 31st March 2014
As Auditors	5 50 000	4 50 000
For other services	1 20 000	1 20 000
For Reimbursement of Expenses	65 000	1 18 510
Total	7 35 000	6 88 510

**Notes forming part of the financial statements [Contd...]****26 Segment Reporting**

The Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in Iron & Steel Industry. Further power generated in the company in its power plant is used for captive as well as trading purpose. In view of this, the company has to consider "Iron & Steel" and "Power" as Primary Reportable business segment, as per Accounting Standard -17, Segment Reporting. However, due to substantial competition, risk, on-going position of Company and largely in the interest of the Company as well as interest of the stake holders involved, therefore, management has not made disclosure of Primary Reportable segment as per Accounting Standard -17 "Segment Reporting". Further, the Company has its business within the geographical territory of India Therefore; Company has considered "INDIAN GEOGRAPHY" as the only secondary reportable business segment, as per the Accounting Standard 17 "Segment Reporting"

- 27** During the year, the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicates that the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating with the lenders for one time settlement (OTS) and expecting the waiver of interest with the banks. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees.
- 28** Since last many years lenders keep on ensuring the sanction and disbursement of the term loan for our ongoing projects and every year revised projections were submitted. The bankers even after the sanction of the term loan have not disbursed fully and hence funds of ₹ 103,89,20,943/- is blocked in the such ongoing projects. Since there is no active development in the ongoing project due to non sanction of funds by lenders as well as no accrual from the operations, as of now the Company does not anticipate execution of such ongoing capital projects and hence have charged back expense of pre-operative expense, trial run expense and borrowing cost element for ₹ 47,48,71,471/- to the statement of profit and loss during the current year which was earlier capitalized and carried in Capital work In Progress of our ongoing projects. For the remaining balance carried as Capital work In Progress, the company has not carried out any Techno-economic assessment during the year ended 31 March 2015 for the valuations of its ongoing Capital Projects and hence identification of impairment loss and provision thereof, if any, has not been made. Considering the emphasis of the matter, company agreed to appoint an approved valuer to access the impairment of the assets. We are expecting a report from the valuer and decision will be taken with regard to impairment, if any, on such assets. Apart from this, the Company has paid the capital advances for the amount of ₹25,26,09,551/- which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements. The machines are manufactured and ready for dispatch but company does not have further fund to pay balance amount and to lift the machines. However, the management is trying to recover such advances from the suppliers and also anticipating full recovery of the said advances.
- 29** The company has reversed the Deferred Tax Asset for the amount of ₹ 16,44,16,320/- and charged it to Statement of Profit and Loss during the Year ended March 31, 2015 due to Management anticipating no sufficient future taxable Income to recover such Deferred Tax Asset.
- 30** Union Bank of India (UBI) and State Bank of Hyderabad (SBH) have confirmed 'NIL' balance as on date in the accounts of company as their competent authority have approved to assign rights in respect of financial assets in favour of Invent Assets Securitization and Reconstruction Private Limited. However, management is of the view that in absence of agreement and non transfer of charge / title of their financial assets during the year, the debts from UBI and SBH is continued and considered to be shown under the head of dues from banks. Balances of UBI and SBH will be transferred to the financial institution when assignment / agreement will be executed and charge / title would be transferred and brought to records in the name of financial institution.

31 RELATED PARTY DISCLOSURES

(a) List of Related Parties and Relationships:

- i. Concern where significant interest exists.

Name of the Concern

Shah Alloys Limited
SAL Care Private Limited
SAL Corporation Private Limited

Nature of Relationship

Promoter Group company
Promoter Group company
Promoter Group company

- ii. Key Management Personnel and Relatives:

1. Mr. Rajendra V. Shah	Chairman
2. Mr. K.C.Thatoi	Managing Director (upto 30/04/2013)
3. Mr. Sujal Shah	Executive Director
4. Mr. B.M Singhal	Whole time Director and CFO
5. Mr. Anil Pandya	Whole time Director
6. Mr. Piyush Chandarana	Whole time Director (upto 13/05/2014)
7. Mr. Hardik Modi	Company Secretary (upto 07/10/2014)


Disclosure of Related Party Transactions

(Amount in ₹)

Sr No.	Related Party	Nature of Transaction	2014-15	2013-14
1.	Shah Alloys Limited	Purchases	4,07,78,406	12,33,20,414
		Sales (incl Power)	54,90,41,973	28,01,92,600
		Rent Income	9,60,000	9,60,000
		Guarantee given	6,03,78,259	80,00,00,000
		Balance as at the year end	6,03,78,259 Cr	57,03,41,493Cr
2.	SAL Corporation Pvt Ltd	Loan repaid	20,00,000	0
		Interest	14,38,920	120,00,00
		Balance as at the year end	1,16,15,672 Cr	1,23,20,644 Cr
3.	SAL Care Pvt Ltd	Loan taken	7,25,00,000	7,62,00,000
		Loan repaid	11,22,00,000	8,15,34,168
		Interest	67,47,421	2,61,885
		Balance as at the year end	4,60,08,375 Cr	2,35,696 Cr
4.	Mr. K.C.Thatoi	Salary	0	3,50,000
5.	Mr. Sujal Shah	Salary	4,32,000	4,32,000
6.	Mr. B.M Singhal	Salary	4,92,000	4,92,000
7.	Mr. Anil Pandya	Salary	4,80,000	4,72,200
8.	Mr. Piyush Chadarana	Salary	0	3,38,549
9.	Mr. Hardik Modi	Salary	1,92,500	3,02,500

32. Certain Balance of Debtors, Creditors, Loans & Advances for Capital expenditures are non- moving / sticky since last 3 years. However in view of the management, the same is recoverable / payable. Hence no provision for the same is made in the books of accounts.

33. The company has opted for Tax Remission Scheme in place of original composite scheme of Sales Tax. Due to this change, the VAT collected by the Company becomes Income of the Company and accordingly credited to Statement of profit And Loss.

34. **EARNINGS PER SHARE:**

PARTICULARS	Amount in ₹ 2014-15	Amount in ₹ 2013-14
Net Profit /(Loss) for the year attributable to Equity shareholders – Before Extraordinary Items	(28,34,90,277)	(35,42,66,958)
Net Profit /(Loss) for the year attributable to Equity shareholders - Before Extraordinary Items	(75 83 61 748)	(35,42,66,958)
Weighted average number of Equity Shares outstanding for Basic EPS	8,49,66,700	8,49,66,700
Weighted average number of Equity Shares outstanding for Diluted EPS	8,49,66,700	8,49,66,700
Basic and Diluted earnings per share-Before Extraordinary Items(Face value of ₹10 each)	(3.34)	(4.17)
Basic and Diluted earnings per share-After Extraordinary Items(Face value of ₹10 each)	(8.93)	(4.17)

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

35. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.

36. Balances of Secured and Unsecured borrowings, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.



S.A.L. STEEL LIMITED

37 Information regarding stock:

Capacity:

Class of Products:	Annual Licensed capacity [P.A.]		Annual Installed capacity	
	2014-15	2013-14	2014-15	2013-14
Sponge Iron	N.A.	N.A.	18,000 MT P A	18,000 MT P A
Ferro Alloys	N.A.	N.A.	61,890 MT P A	61,890 MT P A
Rolling Mill	N.A.	N.A.	25,000 MT P A	25,000 MT P A
Power Plant	N.A.	N.A.	40 MW P Hour	40 MW P Hour

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

38. PRODUCTION (Net Saleable Production):

Class of Products	2014-15 Qty (in M.T.)	2013-14 Qty. (in M.T.)
FINISHED GOODS, WASTE PRODUCTS & BY-PRODUCTS:		
Sponge Iron	1,34,076.000	1,07,601.000
Ferro Chrome	8,211.490	5,843.905
Power – (Qty in MWH)	50,485.495	55,991.260

TURNOVER (Gross) (Net of Return):

Class of Goods	2014-15		2013-14	
	QTY (in MT)	Value (Amount in ₹)	QTY (in MT)	Value (Amount in ₹)
FINISHED GOODS, WASTE PRODUCTS & BY-PRODUCTS:				
Sponge Iron	1,33,277.790	3,12,50,99,071	1,11,690.670	2,63,55,11,041
Ferro Chrome	8,248.010	646,978,628	6,165.530	52,33,70,901
Others	5,86,46,495	6,27,98,666		
TOTAL		3,83,07,24,194		3,22,16,80,608
Power Units MWH	50,485.495	20,19,40,980	55,991.260	27,99,56,300

OPENING AND CLOSING STOCKS:

Class of Goods	Opening Stock				Closing Stock			
	As at 01.04.2013		As at 01.04.2014		As at 31.03.2014		As at 31-03-2015	
	QTY [MT]	Value (Amount in ₹)	QTY [MT]	Value (Amount in ₹)	QTY [MT]	Value (Amount in ₹)	QTY [MT]	Value (Amount in ₹)
FINISHED GOODS, WASTE PRODUCTS & BY-PRODUCTS:								
Sponge Iron	4417.807	9,91,16,397	328.137	66,80,749	328.137	66,80,749	1126.347	19,572,250
Ferro Chrome	180.759	1,32,92,339	377.229	2,78,02,963	377.229	2,78,02,963	340.709	25,903,724
Others		15,68,37,601		9,50,30,651		9,50,30,651		19,377,146
TOTAL:		26,92,46,337		12,95,14,362		12,95,14,362		64,853,120

**WORK IN PROGRESS:**

Product	2014-15 (Amount in ₹)	2013-14 (Amount in ₹)
Sponge Iron	37,07,040	14,49,600
Ferro Alloys	13,51,625	10,49,529
TOTAL	50,58,665	24,99,129

Class of Goods	2014-15		2013-14	
	QTY (in MT)	Value (Amount in ₹)	QTY (in MT)	Value (Amount in ₹)
Iron Ore / Fines / Pallates	2,05,366	1,58,30,96,375	1,55,984	1,43,17,91,513
Steam Coal	1,11,397	66,01,87,702	85,289	50,19,88,888
Chrome Ore	19,649	26,68,40,759	17,440	19,45,69,917
Others		8,94,38,957		30,23,45,166
TOTAL :-		259,95,63,793		2,23,61,25,567

39. RAW MATERIAL CONSUMED (Excluding trading goods & Captive Used)**DETAILS OF GOODS TRADED:**

Goods Sold	2014-15 (Amount in ₹)	2013-14 (Amount in ₹)
Steel & Iron	3,01,13,062	11,58,35,668

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

CIF VALUE OF IMPORTS	2014-15 (Amount in ₹)	2013-14 (Amount in ₹)
Raw Materials	14,96,41,906	1,00,86,081

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

	(Amount in ₹)		% of Total Consumption	
	2014-15	2013-14	2014-15	2013-14
Raw Materials:				
i) Imported	14,96,41,906	1,00,86,081	5.76	0.46
ii) Indigenous	2,44,99,21,887	2,22,60,39,486	94.24	99.54
Total	2,59,95,63,793	2,23,61,25,567	100.00	100.00
Stores, Spares & Chemical:				
i) Imported	0	0	0.00	0.00
ii) Indigenous	9,72,09,867	6,73,52,177	100.00	100.00
Total	9,72,09,867	6,73,52,177	100.00	100.00

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

Signatures to Notes - 1 to 40.

Notes referred to herein above form an integral part of the Financial Statements.

As Per our report of even date
For, Talati & Talati
Chartered Accountants
 (Firm Regn No.: 110758W)

Umesh Talati
Partner
 Membership No. 034834

Place : Ahmedabad
 Date : May 5, 2015

For and on behalf of the Board of Directors

Rajendra V. Shah Chairman

Sujal A Shah Director

B.M. Singhal Director Cum C.F.O.

Anil Pandya Director

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

CIN: L29199GJ2003PLC043148

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

ATTENDANCE SLIP

DP ID*	Folio
Client ID*	No. of Shares

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 12TH **ANNUAL GENERAL MEETING** of the Company held on Thursday, 24th September, 2015 at 10:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060.

Signature of the Shareholder | Proxy

* Applicable for investors holding shares in electronic form.

S.A.L. STEEL LIMITED

CIN: L29199GJ2003PLC043148

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

Form No. MGT- 11**PROXY FORM**

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

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

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

- 1) _____ of _____
 having e-mail id _____ or failing him
- 2) _____ of _____
 having e-mail id _____ or failing him
- 3) _____ of _____
 having e-mail id _____

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 12th Annual General Meeting of the Company, to be held on Thursday, 24th September, 2015 at 10:30 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**Ordinary Business**

- 1 Adoption of financial statements for the year ended on March 31, 2015
- 2 Reappointment of Shri Rajendra V. Shah (DIN:00020904) as Director
- 3 Appointment of Talati & Talati as Statutory Auditor and fix their remuneration
- 4 Fixation of Remuneration of Cost Auditors
- 5 Appointment of Woman Director

Affix
Revenue
Stamp

Signed this _____ day of _____ 2015.

Signature of first proxyholder

Signature of Second proxyholder

Signature of Third proxyholder

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.



S.A.L. STEEL LIMITED

If undelivered please return to:

ADMINISTRATIVE OFFICE

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