SHAH ALLOYS LTD.

Corp. Office : Shah Alloys Corporate House, Sola - Kalol Road, Santej, Ta. Kalol, Dist. Gandhinagar- 382043
Regd. Office : 5/1, Shreeji House, 5th Floor, Behind M.J.Library, Ashram Road, Ahmedabad- 6. India

Phone : 02764 - 661100
Fax : 02764 - 661110
E-mail : info@shahalloys.com

28.09.2016

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

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

BSE Scrip Code: 513436

NSE Symbol – SHAHALLOYS

Dear Sir,

Sub: Submission of Annual Report of the Company for the year 2015-16.

With reference to above, please find enclosed herewith Annual Report of the Company pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and record.

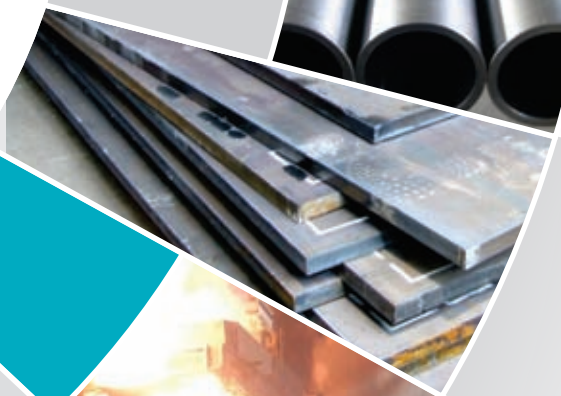
Thanking you,
Yours faithfully,

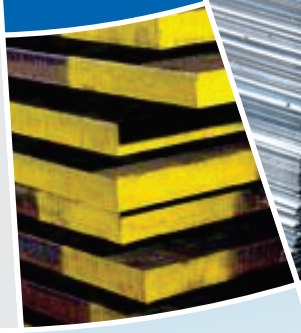
for Shah Alloys Ltd

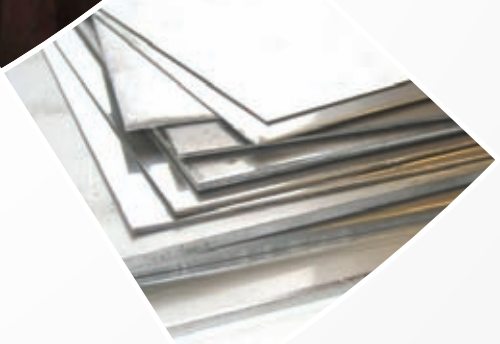
Vinod Kumar Shah
Company Secretary
Encl: As Stated

annual report 2015 -2016

annual report 2015 -2016







SHAH ALLOYS LTD.

26TH ANNUAL REPORT

CIN L27100GJ1990PLC014698

BOARD OF DIRECTORS

Shri Rajendra V. Shah	*Chairman*
Shri Kandodi Srinivas Kamath	*Jt. Managing Director*
Shri Ashok A Sharma	*Whole-Time Director*
Shri Dilip Kumar Sinha	*Independent Director*
Shri G.M. Shaikh	*Independent Director*
Shri Tejpal S Shah	*Independent Director*
Shri Harshad M Shah	*Independent Director*
Smt. Shefaliben M. Patel	*Independent Director*
Shri Harbans Lal Rawal	*Nominee Director (upto 29.03.2016)*

CHIEF FINANCIAL OFFICER
Shri Yashpal Mehta

COMPANY SECRETARY & COMPLIANCE OFFICER
Shri Vinod Kumar Shah

AUDIT COMMITTEE
Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Rajendra V. Shah

NOMINATION AND REMUNERATION COMMITTEE
Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Harshad M. Shah

STAKEHOLDERS' RELATIONSHIP COMMITTEE
Shri G. M. Shaikh, *Chairman*
Shri Tejpal Shah
Shri Ashok Sharma

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

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

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

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

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

REGISTRAR AND SHARE TRANSFER AGENTS
Bigshare Services Private Limited
(Unit: Shah Alloys Limited)
E 2/3,Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai 400 072.
Board No. : 022 4043 0200
Fax No. : 022 2847 5207
Email id. : info@bigshareonline.com
Website : www.bigshare.com

BANKERS TO THE COMPANY
ICICI Bank Ltd.
Union Bank of India

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

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NOTICE

NOTICE is hereby given that 26th Annual General Meeting of the Members of **SHAH ALLOYS LIMITED** will be held on Saturday, 24th September, 2016 at 11:30 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 2016, 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 Ashok A. Sharma (DIN 00038360), 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 of the Companies Act, 2013 (the "Act") read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Company hereby ratifies the appointment of M/s. Talati & Talati, Chartered Accountants, Ahmedabad (ICAI Registration No. 110758W), as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting to be held for the financial year 2016-17 on such 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 Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Regulation 23 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter as "SEBI (LODR)"], as amended from time to time, consent of the Members be and is hereby accorded for all material related party contracts or arrangements entered and to be entered into financial year 2016-17 between the Company and S.A.L. Steel Limited (being a associate company of the Company) for purchase of power, materials and services and sale of material to the associate concern S.A.L. Steel Ltd. at a prevailing market price.

RESOLVED FURTHER THAT pursuant to the provisions of Regulation 23 (8) of the SEBI (LODR), as amended from time to time, consent of the Members be and is hereby accorded for material related party transactions between the Company and S.A.L. Steel Limited entered into during the period 2015-16.

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

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017 be paid the remuneration of ₹ 90,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit."

NOTES

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

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

2. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members as per the applicable Regulations relating to e-voting. The complete instruction on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on September 24, 2016.

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

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

5. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting, is annexed hereto.
6. **Shareholders are requested to bring their copy of Annual Report to the meeting.**
7. Members/Proxies should fill Attendance Slip for attending the meeting.
8. **The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 16th September, 2016 to Saturday, 24th September, 2016 (both days inclusive).**
9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the Statement will remain open and available for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
12. **Members who have not registered their email IDs so far with their depository participants, are requested to register their email IDs for receiving all the Communications including Annual Report, Notices etc. in electronic mode.**
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository.
14. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31st March, 2016 is uploaded on the Company's website www.shahalloys.com and may be accessed by the members and also on the website of the Bombay Stock Exchange Ltd. www.bseindia.com and on the website of the National Stock Exchange www.nseindia.com.
15. Electronic copy of the Annual Report for 2015-16 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 2015 -16 is being sent in the permitted mode.

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

i) The voting period begins on 21.09.2016 at 10 a.m. and ends on 23.09.2016 at 05:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 17.09.2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

iii) Click on Shareholders

iv) Now Enter your User ID

   a. For CDSL : 16 digits beneficiary ID,

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

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

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

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

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

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

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

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

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

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

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

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

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

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

xviii) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

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

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

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

In case of members receiving the physical copy:

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

(B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

GENERAL INSTRUCTIONS FOR VOTING:

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

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

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

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

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

f. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17.09.2016, may obtain the login ID and password by sending a request at www.evotingindia.com.

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

For and on behalf of the Board

Date : 30th May 2016
Place : Santej
Registered Office:
5/1 Shreeji House,
B/h M.J. Library,
Ashram Road, Ahmedabad-380 006.
CIN: L27100GJ1990PLC014698

Vinod Kumar Shah
Company Secretary

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

Item No. 4:

The Securities and Exchange Board of India, vide its Circular No. SEBI/LAD-NRO/GN/2015-16/013 dated 2nd September, 2015 (the "said circular"), introduced the regulations called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein after "SEBI (LODR)"]. As per regulation 23 (4) of the SEBI (LODR), all material related party transactions shall require approval of the shareholders through resolution in the General Meeting. Further as per regulation 23(8) of SEBI (LODR), all existing material related party contracts or arrangements as on the date of notification of SEBI (LODR), Regulations 2015 i.e. on or before September 2, 2015 and which are likely to continue beyond such date i.e. upto March 31, 2016 shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of the regulations. The related party transactions set out below are all contractual obligations entered / to be entered into by the Company in its ordinary course of business and are arms' length transactions for financial year 2015-16 & 2016-17 respectively:

For financial year 2015-16

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount(₹)
S.A.L. STEEL LTD	Associate Company	Purchase of Power	28,68,71,000
		Purchase of Material	57,50,69,412
		Sale of Material	1,05,12,873

For financial year 2016-17

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount Approx. (₹ in crore)
S.A.L. STEEL LTD	Associate Company	Purchase of Power & Material	150.00
		Sale of Material	10.00

Purpose of the aforementioned material related party transactions

Company promoted SAL Steel Ltd. in 2003. The Project of SAL Steel is backward integration project since finished product of SAL Steel Ltd. is raw material for the Company. Further, SAL Steel Ltd. has installed group captive power plant 40 MW and as such SAL Steel Ltd. has Govt. permission of wheeling of power to the Company. On account of above, Shah Alloys is purchasing finished product of SAL Steel Ltd. as also power generated by group captive power plant. Sale of material to SAL Steel Ltd. includes various products of the company required by SAL for maintenance of its plant and other purposes. Transactions made with SAL Steel Ltd. are at Arms length basis.

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

ITEM NO.5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2017 at the remuneration of ₹ 90,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, 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. 5 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice. The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

For and on behalf of the Board

Date : 30th May 2016
Place : Santej
Registered Office:
5/1 Shreeji House,
B/h M.J. Library,
Ashram Road, Ahmedabad-380 006.
CIN: L27100GJ1990PLC014698

Vinod Kumar Shah
Company Secretary

Details of the directors seeking re-appointment in the 26th Annual General Meeting of the Company
[Pursuant to regulation 36 (3) of the SEBI (LODR) Regulations, 2015]

Name of Director	**ASHOK SHARMA**
DIN	00038360
Date of Birth	04.01.1956
Date of Appointment	11.07.2001
Relationship with other Directors Inter se	None
Profile & Expertise in Specific functional Areas	More than 30 years of experience in administrative
Qualification	C.A. and C.S.
No. of Equity Shares held in the Company	NIL
List of other Companies in which Directorships are held	NIL
List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held	NIL

DIRECTORS' REPORT

Dear Members,

Your Directors pleased to present the 26th Annual Report of your company on the operations and performance along with the Audited Financial Statements for the year ended on 31st March 2016.

FINANCIAL HIGHLIGHTS **₹ In Crores**

Particulars	March 31, 2016	March 31, 2015
Total Revenues	293.61	306.41
Total Expenditure	279.05	300.94
Profit before interest depreciation, extraordinary item and tax	14.56	5.47
Depreciation and Interest	41.30	108.85
Profit before extraordinary item and tax	(57.97)	(143.98)
Extraordinary item	(247.12)	40.38
Profit before tax	189.15	184.36
Tax Expense / Deferred tax	65.98	(49.18)
Net Profit available for Appropriation	123.17	(135.18)
Balance Carried forward	(671.09)	(794.29)

STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

During the year under review Net Turnover of the Company has been decreased marginally from ₹ 265.82 crores to ₹ 262.37 crores as compared to previous year's turnover. Company has registered a net profit of ₹123.17 crores in comparison to the loss of ₹ 135.18 crores during previous year. Main reason for profit during the year under review was settlement of dues with ARCs on account of reversal of interest and waiver of principal debts. Many a banks had transferred their debts to ARCs and finally dues were settled with few ARCs. Settlement of dues has been made as per directions of Hon'ble BIFR since the company had been declared as SICK company pursuant to the provisions of SICA. Company has been in constant touch with the lenders, financial institution and ARCs for settlement of dues.

DIVIDEND

Due to high accumulated loss, your Directors have not recommended dividend for the financial year 2015-16.

BUSINESS ACTIVITY

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

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture. However, it has one associate company, details are as under:

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

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

DEPOSIT

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

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

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

REGULATORY STATEMENT

In conformity with provision of regulation 34(2)(c) & 53(b) of SEBI (LODR), Regulations 2015, the Cash Flow Statement for the year ended 31.03.2016 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 2016-17 to above stock exchanges.

DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION

During the year under review Union Bank of India has withdraw nomination of Shri Harbans Lal Rawal as nominee Director on the Board of the Company. There is no other change in the Composition of the Board or KMPs during the year under review.

MEETINGS OF THE BOARD

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

DECLARATION BY INDEPENDENT DIRECTORS

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

BOARD DIVERSITY

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

BOARD EVALUATION

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

INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

CORPORATE GOVERNANCE REPORT

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2016, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite Certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of Corporate Governance is annexed to this Report.

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

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

RISK MANAGEMENT POLICY

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

VIGIL MECHANISM POLICY

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

CORPORATE SOCIAL RESPONSIBILITY

Company has earned a profit in the year under review. Accordingly, Company has constituted Corporate Social Responsibility Committee as per Section 135 of Companies Act, 2013 and the rules framed thereunder. Since the average net profits of the Company during immediately three preceding financial years is negative, provisions related to expenditure of atleast two percent of the average net profits in CSR activities is presently not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts for the financial year ended 31st March 2016, as far as possible and to the extent, if any, accounting standards mentioned by the auditors in their report as not complied with, all other applicable accounting standards have been followed along with proper explanation relating to material departure;

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

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

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

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

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

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

PARTICULARS OF THE EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act,2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure- 3.** Particulars of employees remuneration, as required under section 197(12) of the Companies Act, 2013, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not attached with this report since there was no employee who was in receipt of remuneration in excess of aggregate of ₹ 60,00,000 during the year if employed throughout the financial year or ₹ 5 lacs per month in the aggregate if employed for part of the year.

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

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

STATUTORY AUDITORS

Members at its 25th Annual General Meeting held on September 24, 2015 approved the appointment of M/s. Talati & Talati, Chartered Accountants, as statutory auditors for the period as per provisions of the Act, subject to ratification in every Annual General Meeting. Company has received letter of consent and confirmation under section 141(1) the Companies Act 2013 for their appointment hence, the Board has now proposed to ratify the appointment of Statutory Auditors from conclusion of 26th Annual General Meeting to next Annual General Meeting to be held in 2017. 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

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the Rules made there under M/s. Ashish Bhavsar & Associates, Cost Accountants were appointed for auditing cost accounting records of the Company for the year ending 31st March, 2016.

Internal Auditor

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

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules made The Board of Directors has appointed M/s Kamlesh Shah & Co., Practicing Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015-16. The report submitted by the Secretarial Auditor in Form MR-3 is attached to this report **as Annexure - 5**. The remark of secretarial auditor is self explanatory in nature.

BOARD'S RESPONSE ON THE REMARKS MADE BY STATUTORY AUDITORS

The Directors submit their explanations to then various observations made by the Auditors in their report for the year 2015-16. Para nos. of Auditors' Report and reply are us under:

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

Dues on account of maturity of foreign currency convertible Bonds (FCCB) on 22.09.2011 have been frozen on maturity due to sick company declared by Hon'ble BIFR u/s 3(1)(0) of SICA and accordingly exchange rate fluctuation has not been considered thereafter. Payment of FCCB shall be considered as per the scheme that may be considered by Hon'ble BIFR.

Annexure A to Independent Auditors' Report – Para 7 (i)

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

Annexure A to Independent Auditors' Report – Para 8

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

Most of the banks assigned the debts to various Asset Reconstruction Companies (ARCs). Company has entered into Settlement Agreements with INVENT in connection with dues of Union Bank of India and State Bank of India. Company has made proposal settlement with other banks, financial institution and ARCs. Company is actively negotiating with these ARCs' for settlement of debts and expecting a settlement soon. Since the matter is pending before Hon'ble BIFR and settlement proposals are under consideration.

Dues on account of maturity of Foreign Currency Convertible Bonds (FCCB) on 22.09.2011 have been frozen on maturity and accordingly exchange rate fluctuations has not been considered thereafter. Payment of FCCB shall be considered as per the scheme that may be considered by Hon'ble BIFR, matter is pending before Hon'ble BIFR, matter will be decided as per directions of the Hon'ble BIFR.

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.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

EXTRACT OF ANNUAL RETURN

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

APPRECIATION

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

For and on behalf of the Board

Rajendra V. Shah
Chairman
(DIN: 00020904)

Date : 30th May 2016
Place : Santej

ANNEXURE 1
Form AOC-1
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part "A": Subsidiaries
(Information in respect of each subsidiary to be presented with amounts in Rs.)

Company does not have subsidiary company; therefore Part A is not applicable
Part "B": Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of associates/Joint Ventures	S.A.L. Steel Limited
1.	Latest audited Balance Sheet Date	March 31, 2016
2.	Shares of Associate/Joint Ventures held by the company on the year end	
	a) No. of Shares	30256989
	b) Amount of Investment in Associates/Joint Venture	₹8,74,42,698.21
	c) Extend of Holding%	35.61
3.	Description of how there is significant influence	Equity holding
4.	Reason why the associate/joint venture is not consolidated	Not Applicable
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	(12,49,80,417)
6.	Profit/Loss for the year	
	i. Considered in Consolidation	120,93,93,654
	ii. Not Considered in Consolidation	124,38,86,654

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

For and on behalf of the Board of Directors

Rajendra V. Shah
Chairman

K.S. Kamath
Joint Managing Director

Ashok Sharma
Whole Time Director

Yashpal Mehta
Chief Financial Officer

Vinod Kumar Shah
Company Secretary

Date : 30th May, 2016
Place : Santej

ANNEXURE-2

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

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2016)

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

		2015-16	2014-15
1	**ELECTRICITY**		
	(a) Purchased		
	Unit (Kwh)	8,23,45,536	7,91,11,283
	Total Amount (₹)	42,56,55,469	43,91,31,013
	Rate / Unit (₹)	5.17	5.5
	(b) Own Generation		
	(i) *Through Diesel Generator Unit (Kwh)*		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) *Through Steam Turbine / Generator Unit (Kwh)*	Nil	Nil
	Unit Per Kg of Lignite	Nil	Nil
	Cost Lignite / Unit (₹)	Nil	Nil
	Cost Coal / Unit (₹)	Nil	Nil
	Cost Coal & Lignite / Unit (₹)	Nil	Nil
2	**COAL (Including Coal Fines)**	Nil	
	Quantity (MT)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
3	**FURNACE OIL** (used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
4	**OTHERS - LIGNITE** (used in the generation of steam)		
	Quantity (K Tonns)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil

(II) CONSUMTION PER M.T. OF PRODUCTION

Particulars of Product	2015-16	2014-15
Electricity (in Unit)	910	1445
Furnace Oil	NIL	NIL
Coal (Specify quantity)	NIL	NIL
Others	NIL	NIL

B. TECHNOLOGY ABSORPTION

Particulars	2015-16	2014-15
(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:	NIL	NIL
a) Capital		
b) Recurring		
c) Total		
d) Total R&D expenditure as a percentage of total turnover		
(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, cost reduction, product development, import substitution etc.	NIL	NIL
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	NIL	NIL
a) Technology imported		
b) Year of import		
c) Has technology has been fully absorbed		
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Crores)

Particulars	2015-16	2014-15
1) EARNINGS & OUTGO		
a) Earnings	-	4.61
b) outgo	64.22	1.64

2) **TOTAL FOREIGN EXCHANGE USED AND EARNED**

As per notes on account

For and on behalf of the Board

Rajendra V. Shah
(DIN: 00020904)
Chairman

Date : 30th May 2016
Place : Santej

ANNEXURE 3

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

Company has Shri Ashok Sharma as Whole Time Director, Shri Srinivas Devidas Kamath as Joint Managing Director, Shri Yashpal Mehta as CFO and Shri Vinod Kumar Shah, FCS as Company Secretary. Total managerial remuneration paid to each of them during the current year and previous year are as under:

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

Sr. no.	Name of director	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 Ashok Sharma	Whole Time Director	12,00,000	12,00,000	115585810	1.04%
2	Shri Srinivas Devidas Kamat	Joint Managing Director	12,92,400	12,92,400	115585810	1.12%
3	Shri Yashpal Mehta	CFO	9,75,840	9,75,840	115585810	0.84%
4	Shri Vinod Kumar Shah	Company Secretary	*15,00,000	10,20,000	115585810	1.30%

* includes arrears of previous year.

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

There was no increase in remuneration during the year 2015-2016.

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

During the year the total remuneration of employees is ₹11,55,85,810 as against ₹ 14,68,15,029 in the previous year constituting a net decrease of ₹3,12,29,219 constituting 21.27%. This decrease in remuneration of employees was due to reduction in business activities.

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

There were 381 permanent employees on the rolls of company.

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

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

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

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;

Particulars	**Details**	
	BSE	**NSE**
Closing Market Price of shares of Company as on 31/03/2015	₹ 5.40/-	₹ 5.40/-
Closing Market Price of shares of Company as on 31/03/2016	₹ 9.15/-	₹ 9.20/-
Earnings Per share for the financial year ended on 31/03/2015	₹ (47.57)/-	
Earnings per share for the financial year ended on 31/03/2015	₹ (61.99)/-	

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 since Company had made IPO more than 5 Years back. There was variation in the market price of shares of the company during

the year under review, share price of the Company move upto ₹ 15.15/- and closed at ₹ 9.15/- at the end of the year. Company's EPS before extra ordinary items is negative and hence PE Ratio is not given.

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

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

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

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;

4 (Four) employees is receiving remuneration in excess 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.

For and on behalf of the Board

Rajendra V. Shah
Chairman
(DIN: 00020904)

Date : 30th May 2016
Place : Santej

ANNEXURE 4
FORM NO. AOC -2
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

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

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

2	**Details of material contracts or arrangement or transactions at arm's length basis**						
	Name (s) of the related party	Nature of relationship	Nature of transaction	Duration of the transaction	Transactions value) in ₹	Date of approval by the Board	Amount paid as advances
1	S.A.L. Steel Ltd.	Associate	Purchase of Power	April 2015-March 2016	28,68,71,000	Since these RPTs are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
			Purchase of material		57,50,69,412		
			Sale of material		1,05,12,873		

For and on behalf of the Board

Rajendra V. Shah
Chairman
(DIN: 00020904)

Date : 30th May 2016
Place : Santej

ANNEXURE 5
FORM NO. MR-3
SECRETARIAL AUDIT REPORT
[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]
For the Financial Year ended 31st March, 2016

To,
The Members,
SHAH ALLOYS LIMITED
CIN: L27100GJ1990PLC014698

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

Based on my verification of the records of **SHAH ALLOYS LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent , in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and record maintained by **SHAH ALLOYS LIMITED (CIN:L27100GJ1990PLC014698)** for the financial year ended on 31.03.2016 according to the provisions of:

(i) The Companies Act, 2013(the Act) and the rules made thereunder **except the Register of Charges which is duly being maintained by the Company as per the Companies Act,2013. As the Register of Charge is not matching with the records of the Registrar of Companies(ROC) under Index of Charge, the Company has taken suitable actions for proper Alignment and deletion of duplication of certain Charges which are showing on the portal of Registrar of Companies (ROC) under Index of Charge;**

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

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

(iv) Foreign Exchange Management Act,1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:

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

(a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) The Securities and Exchange Board of India(Substantial Acquisition of Shares and Takeover) Regulations, 2011;

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

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

(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

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

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) All the laws, rules, regulations as stated in the **Annexure – A** are applicable to the company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable 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 Exchange and National Stock Exchange.

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

I 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 **woman director is appointed as per requirement of Section 149 Under the Companies Act, 2013 w.e.f. 13/**

07/2015. However, due to late appointment, the Company had paid penalty of ₹ 57,000 to Bombay Stock Exchange and ₹ 50,000 to National Stock Exchange.

The changes in the composition of the Board of Directors that took place during the period under review and necessary forms have been filed with Regulators. Form DIR-12 duly filed for the resignation Shri Harbans Lal Rawal from the designation of Nominee Director. However, filing of Form DIR 11 is the Responsibility of the Nominating Banking Institution / Retiring Director. We have not come across such form DIR-11 filed for the Resignation of Shri Harbans Lal Rawal.

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

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

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

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

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

(II) Redemption/ buy-back of securities

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

(IV) Merger/ amalgamation/reconstruction etc.

(V) Foreign technical collaborations

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

Place : Ahmedabad
Date : 26th May 2016

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

ANNEXURE-A

Securities Laws

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

Labour Laws

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

Environmental Laws

1. The Company is not discharging the contaminated water at the public drains/rivers. The company has efficient water treatment plants at its factory premises.
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 : 26th May 2016

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

ANNEXURE – 6 TO THE DIRECTORS' REPORT

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDING ON 31/03/2016
[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	L27100GJ1990PLC014698
2	Registration date	23/11/1990
3	Name of the company	SHAH ALLOYS LIMITED
4	Category/ sub-category of the company	Company limited by shares/ Indian Non Government Company
5	Address of the registered office and contact details	5/1 Shreeji House, 5TH Floor B/h M J Library Ashram Road Ahmedabad-380006 Gujarat
6	Whether listed company	YES
7	Name, address and contact details of registrar and transfer agent if any	BIGSHARE SERVICES PVT. LTD. E- 2/3,Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072 Phone: 022-28470652 Fax: 022-28475207 E-mail: info@bigshareonline.com Website:www.bigshareonline.com

2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	Ingots of iron & steel & other primary forms	24103	100%

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
1.	S.A.L. Steel Limited	L27100GJ1990PLC014698	ASSOCIATE	35.61%	2(6)

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

i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year [As on 31-March-2014]				No of Shares held at the end of the year [As on 31-March-2015]				% Change during this year
	Demat	**Physical**	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoter's									
(1) **Indian**									
a) Individual/ HUF	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (1)	10729246	0	10729246	54.19	10729246	0	10729246	54.19	0
(2) Foreign									
a) NRI- Individual	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp	0	0	0	0	0	0	0	0	0
d) Banks. FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub Total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0
Total shareholding of Promoter [(A)(1)+(A)(2)]	**10729246**	**0**	**10729246**	**54.19**	**10729246**	**0**	**10729246**	**54.19**	**0**
B. Public Shareholding									
1. Institutions	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1746624	0	1746624	8.82	1746624	0	1746624	8.82	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**1746624**	**0**	**1746624**	**8.82**	**1746624**	**0**	**1746624**	**8.82**	**0**
2. Non-Institutions									
a) Bodies Corp.	2747098	800	2747898	13.88	2742286	800	2743086	13.86	0.02
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lacs	3025052	491632	3516684	17.76	3354980	494532	3849512	19.44	1.68
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lacs	887935	12000	899935	4.55	588133	0	588133	2.97	1.58
c) Others (TRUSTS)	200	0	200	0	200	0	200	0	0
Non Resident Indians	146701	2000	148701	0.75	129125	2000	131125	0.66	0.70
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	9614	0	9614	0.05	0
Trusts	0	0	0	0	0	0	0	0	0
Foreign Bodies	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**7049350**	**506432**	**9998748**	**36.98**	**6824338**	**497332**	**7321670**	**36.98**	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**7049350**	**506432**	**9998748**	**45.81**					**0**
C. Shares held by Custodian for GDR & ADR	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Grand Total (A+B+C)	**19291108**	**506432**	**19797540**	**100.00**	**19300208**	**497332**	**19797540**	**100.00**	0

(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 of the Company	% of shares Pledged / encumbered to total shares	
Rajendrabhai V. Shah	7912404	39.97	7912404	7912404	39.97	7912404	NIL
Rajendrabhai V. Shah Huf	1531960	7.74	1531960	1531960	7.74	1531960	NIL
Ragini R Shah	1146006	5.79	1146006	1146006	5.79	1146006	NIL
Prakash V Shah	47000	0.24	0	47000	0.24	0	NIL
Karan R Shah	40000	0.20	0	40000	0.20	0	NIL
Jayesh V Shah	29936	0.15	0	29936	0.15	0	NIL
Ashvin V Shah	21940	0.11	0	21940	0.11	0	NIL
Total	10729246	54.19	10590370	10729246	54.19	10590370	NIL

(iii) Change In Promoter's Shareholding (Please Specify, If There Is No Change)

Name of promoter	Shareholding at the beginning of the year		Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company		No. of Shares	% of total shares of the Company
Rajendrabhai V Shah	7912404	39.97	No change	7912404	39.97
Rajendrabhai V Shah Huf	1531960	7.74	No change	1531960	7.74
Ragini R Shah	1146006	5.79	No change	1146006	5.79
Prakash V Shah	47000	0.24	No change	47000	0.24
Karan R Shah	40000	0.20	No change	40000	0.20
Jayesh V Shah	29936	0.15	No change	29936	0.15
Ashvin V Shah	21940	0.11	No change	21940	0.11
TOTAL	10729246	54.19	No change	10729246	54.19

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	Gujarat NRE Coke Ltd.	969769	4.90	969769	4.90
2	Satellite Mercantiles Pvt Ltd.	901361	4.55	901361	4.55
3	United India Insurance Company Limited	878577	4.44	878577	4.44
4	General Insurance Corporation Of India	868047	4.39	868047	4.39
5	Ambition Merchants Private Limited	549	0.00	394292	1.99
6	Adhunik Dealcom Private Limited	107625	0.54	107625	0.54
7	Mili Trading Pvt Ltd	100042	0.51	100042	0.51
8	Ashish J Bhavsar	55615	0.28	55615	0.28
9	Sanjay Mahendra Shah	55521	0.28	55521	0.28
10	Ravi Lalwani	47961	0.24	47961	0.24
	TOTAL	**3985067**	**20.13**	**4378810**	**22.12**

6) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

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	888,82,80,282	48,82,05,000	-	937,64,85,282
ii) Interest due but not paid	385,73,32,778	23,55,83,323	409,29,16,101	
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1274,56,13,059	72,37,88,323	-	1346,94,01,382
Change in Indebtedness during the financial year				
i) Principal Amount	(280,79,75,682)	-	-	(280,79,75,682)
ii) Interest due but not paid	(158,38,39,429)	-	-	(158,38,39,429)
iii) Interest accrued but not due	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	608,03,04,599	48,82,05,000	-	656,85,09,599
ii) Interest due but not paid	227,34,93,349	23,55,83,323	250,90,76,672	
iii) Interest accrued but not due				
Total (i+ii+iii)	835,37,97,948	72,37,88,323	-	907,75,86,271

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 ASHOK SHARMA	12,00,000
		SHRI K.S. KAMATH	12,92,400
2.	Stock Option	NIL	-
3.	Sweat Equity	NIL	-
4.	Commission- as % of profit- others, specify...	NIL	-
5.	Others, please specify	NIL	-
	Total (A)	NIL	-
	Ceiling as per the Act	**30,00,000** As per section (ii) part (ii) of schedule V.	

b. Remuneration to other directors:

Particulars of remuneration	Name of Directors					Nominee Directors	Total Amount
Independent Directors	**Shri Dilip Kumar Sinha**	**Shri G M Shaikh**	**Shri Tejpal S Shah**	**Shri Harshad M Shah**	**Smt. Shefali M. Patel**	**Shri Harbans Lal Rawal**	
Fee for attending board committee meetings	5000	22500	22500	12500	7500	Nil	**70000**
Commission	0	0	0	0	0	0	0
Others, please specify	0	0	0	0	0	0	0
Total (1)	5000	22500	22500	12500	7500	Nil	**70000**

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

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		CS Shri Vinod Kumar Shah	**CFO/CEO** Shri Yashpal Mehta	
1	Gross salary	15,00,000	9,75,840	24,75,840
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	15,00,000	9,75,840	24,75,840

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

CORPORATE GOVERNANCE REPORT

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

Detailed report on Corporate Governance for the financial year ended March 31, 2016, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

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

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

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

Composition of Board and Directorship held as on March 31, 2016 and numbers of meetings held and attended during the year are as follows:

Name of Director	Category	Numbers of Board Meetings.		No. of Directorships held	Committee Memberships held in other companies		Whether attended last AGM
		Held during the year	Attended during the Year		as member	as Chairman	
NON-EXECUTIVE DIRECTOR							
Shri Rajendra V.Shah	Promoter Non- Executive Chairman	5	5	1	Nil	Nil	Yes
EXECUTIVE DIRECTORS							
Shri Kondadi S Kamath	Non Promoter Executive Director	5	5	Nil	Nil	Nil	Yes
Shri Ashok A Sharma	Non Promoter Wholetime Director	5	5	Nil	Nil	Nil	Yes
INDEPENDENT DIRECTORS							
Shri G.M. Shaikh	Non – Executive & Independent	5	5	1	Nil	Nil	Yes
Shri Harshad M. Shah	Non-Executive & Independent	5	5	1	3	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	5	5	1	Nil	Nil	No
Shri Dilip Kumar Sinha	Non-Executive & Independent	5	3	1	Nil	Nil	No
Smt. Shefali M. Patel	Non-Executive & Independent	4	4	1	Nil	Nil	Yes
NOMINEE DIRECTORS							
Shri Harbans Lal Rawal	Nominee Director of UBI	5	0	Nil	Nil	Nil	No

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independence of the Board and to separate the board functions of governance and management. The Board currently comprises of two Executive Directors and Six Non-Executive Directors including the Chairman of the Board. Nominee Director resigned w.e.f. 29.03.2016 and hence he was not considered in composition of Board.

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year, the Board met 5 times:

- May 22, 2015
- July 13, 2015
- August 13, 2015 (adjourned and held on August 14, 2015)
- November 6, 2015
- February 3, 2016

Independent Directors' Meeting

Independent Directors met on February 3, 2016 without presence of Non- Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company's Management and the Board.

DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE

None of the Directors are related to each other.

SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

As on March 31, 2016, Shri Rajendra V. Shah, Chairman of the Company held 79,12,404 shares in the equity share capital of the Company. None of the other Non-Executive Directors hold any equity shares in the Company.

DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS

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

3. COMMITTEES OF THE BOARD

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

The various Board level Committees are as under:-

- Audit Committee;
- Nomination & Remuneration Committee; and
- Stakeholders Relationship Committee

AUDIT COMMITTEE:

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

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

During the period under review, four Audit Committee meetings were held respectively on 22.05.2015, 13.08.2015 (adjourned and held on 14.08.2015), 06.11.2015 and 03.02.2016.

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three independent Non-executive directors viz. Shri G M Shaikh – Chairman, Shri Tejpal Shah and Shri Harshad M. Shah.

During the period under review, three meetings of Nomination And Remuneration Committee were held on 22.05.2015, 13.07.2015, 06.11.2015.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	3	3
Shri Tejpal Shah	Member	3	3
Shri Harshad M. Shah	Member	3	3

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

Board Evaluation

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

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

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

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

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

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

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

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

5. Remuneration of Directors

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

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

b. Criteria for Making Payment to Non- Executive Directors

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

c. Compensation/Fees Paid to Non-Executive Directors

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

d. Details of Remunerations

Details of remuneration and sitting fees paid or provided to all the directors during the year ended March 31, 2016 are as under:

(Amount in ₹)

Name of Director	Sitting Fees	Salaries & Perquisites	Commission	Total
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Kondadi S Kamath	Nil	12,92,400	Nil	12,92,400
Shri Ashok Sharma	Nil	12,00,000	Nil	12,00,000
Shri G. M Shaikh	22,500	Nil	Nil	22,500
Shri Harshad M. Shah	12,500	Nil	Nil	12,500
Shri Dilip Kumar Sinha	5,000	Nil	Nil	5,000
Shri Tejpal S. Shah	22,500	Nil	Nil	22,500
Smt. Shefali M. Patel (w.e.f. 13.07.2015)	7,500	Nil	Nil	7,500
Shri Harbans Lal Rawal	Nil	Nil	Nil	Nil

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

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

During the period under review, three meetings of Stakeholders' grievance Committee were held on 22.05.2015, 06.11.2015 and 03.02.2016.

Name of Director	Position	No. of Meetings	Meetings attended
Shri G M Shaikh	Chairman	3	3
Shri Tejpal Shah	Member	3	3
Shri Ashok Sharma	Member	3	3

Name and designation of Compliance Officer

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

Details of Shareholders Complaints

The details of shareholders complaints received and resolved till March 31, 2016 are as under:

No. of shareholders' complaints received during the year : 15

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

No. of pending Complaints : Nil

No. of complaints resolved during the year : 15

7. GENERAL BODY MEETING

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

Year	Date	Time	Venue	No. of Special Resolution Passed
2012-13	September 24th, 2013	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	0
2013-14	September 24th, 2014.	09.30 A.M	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	0
2014-15	September 24th, 2015.	05:00 P.M.	SAL Institute & Engineering Research, Opp. Science City,Ahmedabad 380 060	2

1. No extra-ordinary general meeting of the shareholders was held during the year.

2. Postal ballot: during the year under review, no resolution was put through by postal ballot.

8. MEANS OF COMMUNICATION

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

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

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

9. GENERAL SHAREHOLDERS INFORMATION

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

a) Annual General Meeting.

Date : 24th September, 2016

Time : 11:30 A.M.

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

b) Financial Year

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

The Quarterly Results for the financial year 2016-17 will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30th June 2016	: By 14th August 2016
Quarter ending 30th September 2016	: By 14th November 2016
Quarter ending 31st December 2016	: By 14th February 2016
Quarter ending 31st March 2017	: By 30th May 2017

c) Dividend Payment Date : Not Applicable

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

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

Company has paid listing fees in respect of financial year 2016-2017 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

Demat ISIN No. for NSDL and CDSL : INE640C01011

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

: **National Stock Exchange of India Ltd (NSE)**

NSE Symbol : SHAHALLOYS

f) Share Price Data (₹ per share)

Month	Price at BSE		Price at NSE	
	Month's High Price	*Month's Low Price*	*Month's High Price*	*Month's Low Price*
Apr' 15	5.94	4.61	5.95	4.25
May' 15	5.75	4.36	5.50	4.30
June' 15	5.31	4.35	5.00	3.80
July' 15	4.88	4.87	4.75	3.95
Aug' 15	5.40	5.37	4.70	4.10
Sept' 15	5.80	4.77	4.40	3.85
Oct' 15	5.35	4.04	5.25	4.00
Nov' 15	7.26	5.08	6.90	4.70
Dec' 15	10.18	6.25	9.05	6.00
Jan' 16	15.15	9.08	14.35	9.40
Feb' 16	10.19	7.62	10.05	7.75
Mar' 16	9.50	7.29	10.00	6.80

g) Registrar to an Issue and Share Transfer Agents

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

Bigshare Services Private Limited
(Unit: Shah Alloys Limited)
E2/3,Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072.
Board No. : 022 4043 0200 Fax No. : 022 2847 5207 Email id.: info@bigshareonline.com

h) Share Transfer System

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

i) Shareholding pattern as on 31st March, 2016

Category	No. of Shares	%
Promoters	10729246	54.19
Clearing Members	9614	0.05
Indian Public	4437645	22.42
Domestic Companies	2743086	13.86
Nationalized Bank/ Insurance Company	1746624	8.82
NRI	131125	0.66
Trust	200	0.00
Total	19797540	100.00

Distribution of shareholding as on 31st March, 2016

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 500	1185907	5.9902	6585	81.8521
501 - 1000	597202	3.0165	732	9.0988
1001 - 2000	536423	2.7095	347	4.3132
2001 - 3000	306142	1.5464	120	1.4916
3001 - 4000	272310	1.3755	76	0.9447
4001 - 5000	161201	0.8142	34	0.4226
5001 - 10000	566191	2.8599	78	0.9695
10001 & above	16172164	81.6877	73	0.9074
Total	**19797540**	**100.00**	**8045**	**100.00**

j) Dematerialization of Shares and Liquidity

On March 31st 2016, nearly 97.50% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized.

k) Plant Location:

The Company's plant is located at:

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

l) Registered & Administrative Offices:

Registered Office

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

Administrative Office:

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

m) Address for Investor Correspondence:

In case any problem or query shareholders can contact at:

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

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

Name : Bigshare Services Private Limited
Address : E2/3,Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai 400 072.
Board No. : 022 4043 0200
Fax No. : 022 2847 5207
Email id. : info@bigshareonline.com
Website : www.bigshare.com

OTHER DISCLOSURES :

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

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

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

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

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

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

Pursuant to Section 149 of the Companies Act, 2013 and erstwhile Clause 49 of Listing agreement, Company delayed in appointment of women director on the Board and accordingly BSE and NSE imposed penalty on the Company in the Financial Year 2015-16. No other statutory authority or the Board has imposed penalty on any matter related to capital markets, during the last three years.

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

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

Corporate Governance Compliance Certificate

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

DISCLOSURE OF ACCOUNTING TREATMENT

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

CEO AND CFO CERTIFICATION

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

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

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

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

The above Report was adopted by the Board at their meeting held on 30th May 2016.

For, Shah Alloys Limited

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

Place : Santej
Date : 30.05.2015

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SHAH ALLOYS LIMITED

We have examined the compliance of conditions of Corporate Governance by Shah Alloys Limited ('the Company'), for the year ended 31st March ,2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April 2015 to 30th November 2015 and as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in the Listing Regulations for the period 1st December, 2015 to 31st March ,2016.

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

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

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

FOR, K.K PATEL AND ASSOCIATES
Company Secretaries

Kiran Kumar Patel
Company Secretary
CP No. 6352

Place : Gandhinagar
Date : 30/05/2016

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

India is the fourth largest producer of steel. It is a core industry for, as well as primary and secondary employment generation. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output. India's steel demand growth to be the highest among major steel-producing nations at 5.4% to 83.8 MT in 2016, even as demand will fall globally by 0.8% to 1,488 MT after shrinking 3% in 2015. It is expected that India's steel demand would further grow by 5.4% in 2017. It is expected that consumption per capita would increase supported by rapid growth in the industrial sector, and rising infra expenditure projects in railways, roads & highways, etc

OPPORTUNITIES AND THREAT

Opportunities:

The Indian steel industry is expected to register exponential growth in the future, riding on increasing urbanization, and projected growth of infrastructure, automobile and real estate sectors. By imposing anti-dumping duty, safeguard duty on imported steel products and policy announcement on minimum import price (MIP). The government has also notified Mines and Minerals (Development and Regulation) Amendment Act, 2015 to streamline grant of mining leases in order to maintain sufficient availability of raw materials for the various sectors including steel sector. After these steps, the pressure on the steel industry is gradually coming down.

Threats:

Indian Steel Industry is passing through stress for some time due to rising imports. The industry faces external as well as internal threats. China and Russian producers will keep flooding the market directly or indirectly. The manufacturing cost in India remains high and with coal getting auctioned, it will only go up further. Rising cost of raw material, fuel, power prices coupled with unforeseen general macro economic factors and political turmoil may affect the industry adversely.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review company concentrated on manufacturing of Bars, beams, flats, plate, coil, slab, billets etc. Production of bars, beams and flats during the year was 630.024 MT as compared to 1,058.930 MT in the previous year. Accordingly sales during the year was 2,433.975 MT. Increase in the sale was due to opening stock at the beginning of the year. Production of plate & coil during the year was 38,105.827 MT as compared to 51,019.070 MT in the previous year. Accordingly sales during the year was 39,173.284 MT as compared to 47,316.701 MT in the previous year. Likewise production of Slab, billets etc. was 50,126.913 MT as compared to 2,685.094 MT. Accordingly sales during the year was 48,878.465 MT as compared to 5,292.585 MT in the previous year. Total production of all items taken together increased from 54,763.094 MT to 88,862.754 MT registering increase by 30%. Accordingly total sales during the period increased from 54,502.046 MT to 90,485.724 MT registering increase by 66%.

During the year under review Net Turnover of the Company has been decreased marginally from ₹ 265.82 crores to ₹ 262.37 crores as compared to previous year's turnover. There is marginal reduction in turnover since production of bars, beams, flats, plate & coil was reduced considerably on account reduction in demand of these items. Company has registered a net profit of ₹ 123.17 crores in comparison to the loss of ₹ 135.18 crores during previous year. Main reason for profit during the year under review was settlement of dues with ARCs on account of reversal of interest and waiver of principal debts. Many a banks had transferred their debts to ARCs and finally dues were settled with few ARCs. Settlement of dues has been made as per directions of Hon'ble BIFR since the company had been declared as SICK Company pursuant to the provisions of SICA.

OUTLOOK

The global steel market is suffering from insufficient investment expenditure and continued weakness in manufacturing sector. With the imposition of the MIP, the Indian steel market has become a closed box. While steel continues to have a stronghold in traditional sectors such as construction, housing and ground transportation, special steels are increasingly being used in engineering industries such as power generation, petrochemicals and fertilizers. India occupies a central position on the global steel map, with the establishment of new state-of-the-art steel mills, acquisition of global scale capacities by players, continuous modernization and up gradation of older plants, improving energy efficiency and backward integration into global raw material sources. India's prospects are brightening due to low oil prices, the reform momentum and policies to increase infrastructure and manufacturing output. India's steel demand will increase by 5.4 per cent in both 2016 and 2017 reaching 88.3 MT in 2017. On the outlook, economic environment facing steel industry continues to be challenging with China's slowdown impacting globally across a range of indicators contributing to volatility in financial markets, sluggish growth in global trade and low oil and other commodity prices.

Steel industry derives its demand from other important sectors like infrastructure, aviation, engineering, construction, automobile, pipes and tubes etc. With the Indian economy poised for its next wave of growth under the reforms being unleashed during recent past, there lies tremendous opportunity for the Indian steel industry to prosper and grow exponentially.

The present government's 'Make in India' campaign is aimed at transforming the country into a global manufacturing hub and creating millions of jobs for those who will join the workforce in the coming years. Besides 'Make in India', present government's flagship programmes, such as the 'Smart Cities Mission' and the 'Housing for All by 2022' will boost the industry.

RISK AND CONCERNS

The process of Risk Management in the company identifies inherent risks in its operations and records residual risk after taking specific risk mitigation steps. The company has identified and categorized risks in the areas of Operations, Finance, Marketing, Regulatory Compliances and Corporate matter. Company has identified risks of working capital on account of sick status of the company, Government policy and political structure, competition, Exchange rate fluctuation etc. and accordingly taking appropriate steps to guard against these identified risks.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company is working on enhancing its competencies to take care of current and future business. Its employee strength as on March 31, 2016 was 381. Human Resource and Industrial Relations departments have developed systems and policies on recruitment, performance management, learning and development, and employee engagement. The Workers union of the Company has maintained healthy and cordial industrial relations, and has been an equal partner in implementing Company's policies and achieving stretched operational targets, year on year.

CAUTIONARY NOTE

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

INDEPENDENT AUDITOR'S REPORT

To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Financial Statements

We have audited the accompanying financial statements of Shah Alloys Limited ('the Company'), which comprise the Balance sheet as at March 31, 2016, 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. 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. *The Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds(FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2016, which constitutes a departure from the Accounting Standard - 11, "The Effects of Changes in Foreign Exchange Rates", which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2016. The Company's record indicate that had management done the provision, the Exchange loss for the Year ended 31st March 2016 would have been higher by ₹ 5,54,78,504/-. Accordingly, profits for the Year ended 31st March 2016 has been over-stated by ₹ 5,54,78,504/- and negative balance of reserves and surplus has been understated by ₹ 25,96,30,086/- as at 31st March 2016.*

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:

1) In case of the Balance Sheet ,of the state of affairs of the Company as at March 31, 2016 ,
2) In case of the Statement of profit and loss, of the profits for the year ended on that date
3) In case of the Cash flow Statement, of the 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 39 to the financial statements regarding the Company having accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred a net loss during the previous years 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.

2) Note No 34 to the financial statements, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.

3) During the year ended 31st March 2016, the company has carried out a techno-economic assessment for the valuations of its Capital Projects to identify the impairment loss and provision thereof, if any. Based on the said techno-economic assessment of the Capital Projects, the Company has provided for ₹ 3,58,50,355/- as per Note 40 to the financial statements The same is 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.

4) Note 42 to the Financial Statements about the settlement agreement entered into by the company with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited.

The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 146,15,00,000/- towards full and final settlement against the total liability(Principal and Interest) of ₹ 607,34,85,227/- resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-, the waiver of liability of Principal portion of ₹ 213,94,42,763/- has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 247,25,42,464/- has been offered as Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2016.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A , a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

ii) 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 (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

   g) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

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

      i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21 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 30, 2016

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independents Auditor's Report to the members of the Company on the Standalone financial statement for the year ended 31st March 2016, we report that:

1. In respect of its Fixed Assets:
   i) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
   ii) 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.
   iii) According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of the immovable properties held are in the name of the company.
2. In respect of its inventories:
   As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. 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) & (c) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company.
4. The Company has complied with the provision of Section 185 & 186 of Companies Act, 2013 with respect of loans, investments and guaranty made.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
6. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records as specified under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. In respect of the Statutory dues:
   i) 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, 2016 for a period of more than six months from the date of becoming payable.
   ii) 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 ₹ 27,02,89,483/- have not been deposited as on 31st March, 2016 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 involved (in ₹)
1	Income Tax Act, 1961	Income Tax	1997-98	Gujarat High court	1,30,000/-
2	Sales Tax Act	Sales Tax	1995-96	Deputy commissioner of Sales Tax (Tribunal) Ahmedabad	6,99,000/-
3	Gujarat Value Added Tax Act, 2003	Value Added Tax	2006-07	Deputy Commissioner, VAT Ahmedabad	3,81,27,791/-
4	Central Excise Act, 1944	Excise Duty and Service Tax	1997-98, 1998-99 and 2004-05 to 2014-15	Central Excise & Service tax Appellate Tribunal / Joint / Deputy Commissioner of Central Excise/ Additional Commissioner of Central Excise	23,13,32,692/-

8. *Consequent upon the sanction of the restructuring package given under CDR mechanism by banks & financial institution, the company was required to start repaying the loans sanctioned by banks/institutions and debenture holders from June 2011 onwards, however the*

company has made default in repaying the dues as per the terms stipulated in the CDR rework proposal. The Amount and the period of default in respect of Working Capital facilities, Term Loan, WCTL, Non-convertible Debentures, Funded Interest Term Loans, Interest payable on the said facilities are as under:

NAME OF THE BANK/F.I.	NATURE OF FACILITY	Amount (in ₹) of Default as at 31-03-2016	Period Of Default (No of Days)
IDBI BANK	Working Capital	26 10 45 535	1-2131 days
	Non Convertible Debenture	6 04 16 667	1 -1736 days
	Term Loan	12 08 33 333	1 -1736 days
	Funded Interest Term Loan	7 58 75 594	1 -821 days
	Interest payable	10 92 66 519	1-2070 days
KARUR VYSYA BANK	Term Loan	15 10 41 667	1 -1736 days
	Funded Interest Term Loan	4 57 77 676	1 -821 days
	Interest payable	6 09 36 463	1-1791 days
AXIS BANK	Working Capital	9 46 34 923	1-2101 days
	Working Capital Term Loan	5 41 33 333	1 -1736 days
	Funded Interest Term Loan	1 22 17 104	1 -821 days
	Interest payable	13 07 04 984	1-2101 days
HDFC BANK	Term Loan	7 22 86 368	1 -1736 days
	Funded Interest Term Loan	2 24 70 581	1 -821 days
	Interest payable	7 31 28 186	1-1827 days
BANK OF BARODA	Working Capital	49 87 22 365	1-2162 days
	Working Capital Term Loan	19 99 79 166	1 -1736 days
	Term Loan	2 06 32 292	1 -1736 days
	Funded Interest Term Loan	5 00 73 649	1 -821 days
	Interest payable	41 30 86 393	1-2131 days
ORIENTAL BANK OF COMMERCE	Term Loan	9 45 15 553	1 -1736 days
	Funded Interest Term Loan	2 07 86 890	1 -821 days
	Interest payable	2 22 40 214	1-1096 days
INDIAN OVERSEAS BANK	Non Convertible Debenture	6 04 16 667	1 -1736 days
	Funded Interest Term Loan	3 42 07 322	1 -821 days
	Interest payable	2 01 09 516	1-2070 days
BANK OF MAHARASHTRA	WCTL	5 01 45 821	1 -1736 days
	Working Capital	20 10 09 696	1-2221 days
	TERM LOAN	1 64 16 732	1 -1736 days
	FITL	1 62 87 471	1 -821 days
	Interest payable	20 65 56 584	1-2070 days
PUNJAB NATIONAL BANK	Working Capital	25 07 36 016	1-2131 days
	WCTL	4 62 14 433	1 -1736 days
	TERM LOAN	13 74 63 931	1 -1736 days
	FITL	4 31 56 034	1 -821 days
	Interest payable	39 27 03 456	1-2070 days
L.I.C. OF INDIA	TERM LOAN	3 88 34 625	1 -1736 days
	FITL	1 85 00 570	1 -821 days
	Non Convertible Debenture	48 33 33 333	1 -1736 days
	Interest payable	84 02 79 077	1-2070 days

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

bonds at a premium & in US Dollars. The company has provided the premium till 22nd September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of the Companies Act, 2013.
However, the company has defaulted in repayment of the foreign currency convertible bond (FCCB) dues on its maturity. The default is subsisting since 1652 days.

9. According to the records of the company, the company has neither raised any monies by way of Initial Public Offer or Further Public Offer nor has the company obtained any term loan. Hence, in our opinion, the requirements of clause (ix) of Paragraph 3 of the Order do not apply to the Company.

10. Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officers and employee has been noticed or reported for the year under audit.

11. The Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

12. In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a nidhi company. Hence, in our opinion, the requirements of clause (xii) of Paragraph 3 of the Order do not apply to the Company.

13. The Company has complied with Section 177 and 188 of Companies Act, 2013, in respect of transactions with the related parties and relevant details have been disclosed in the financial statements as required by the applicable accounting standards.

14. The Company has not made any preferential allotment or private placement of shares or full or convertible debentures during the year under review. Hence, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

15. The Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause (xv) of paragraph 3 of the Order are not applicable to the Company.

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

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

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 30, 2016

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

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of

Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Shah Alloys Limited ('the Company) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence I/we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 30, 2016

Balance Sheet as at March 31, 2016

(Amount ₹ in Lacs)

	Note No	As At 31st March 2016	As At 31st March 2015
I. EQUITY AND LIABILITIES			
(1) **Shareholders' Funds:**			
(a) Share Capital	3	1,979.75	1,979.75
(b) Reserves and Surplus	4	(39,092.67)	(72,925.97)
		(37,112.92)	(70,946.22)
(2) **Non-Current Liabilities:**			
(a) Long Term Borrowings	5	24,006.07	25,436.56
(b) Other Long Term Liabilities	6	35.00	964.59
(c) Long Term Provisions	7	117.06	130.34
		24,158.13	26,531.49
(3) **Current Liabilities:**			
(a) Short Term Borrowings	8	13,061.49	31,698.01
(b) Trade Payables	9	7,316.24	5,997.72
(c) Other Current Liabilities	10	55,641.51	80,679.14
(d) Short Term Provisions	11	450.65	414.17
		76,469.89	118,789.04
TOTAL		**63,515.10**	**74,374.31**
II. ASSETS			
(1) **Non-Current Assets:**			
(a) Fixed Assets	12		
(i) Tangible Assets		15,694.42	17,510.50
(ii) Capital work-in-progress		900.50	1,259.00
(b) Non-Current Investments	13	874.42	529.49
(c) Long Term Loans and Advances	14	227.02	226.72
(d) Deferred Tax Assets (Net)	15	34,815.71	41,291.30
		52,512.07	60,817.01
(2) **Current Assets:**			
(a) Inventories	16	8,243.23	8,177.30
(b) Trade Receivables	17	993.54	1,518.37
(c) Cash and Cash equivalents	18	305.41	100.04
(d) Short Term Loans and Advances	19	1,460.85	3,760.49
(e) Other Current Assets	20	0.00	1.10
		11,003.03	13,557.30
TOTAL		**63,515.10**	**74,374.31**
The accompanying notes are an integral part of these financial statements.	1 to 43		

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

Statement of Profit and Loss for the Year ended 31st March 2016

(Amount ₹ in Lacs)

		Note No	Year ended on 31st March 2016	Year ended on 31st March 2015
I.	Revenue from operations	22	29,224.20	29,270.17
	Excise duty		(3,123.75)	(3,132.89)
			26,100.45	26,137.28
II.	Other income	23	136.44	444.74
III.	**Total revenue (I + II)**		**26,236.89**	**26,582.02**
IV	**EXPENDITURE :**			
	Cost of materials consumed	24	19,265.84	17,769.56
	Changes in inventories of finished goods & work-in-progress.	25	(216.88)	874.59
	Employee benefits expense	26	1,210.13	1,539.48
	Finance costs	27	2,313.56	6,946.57
	Depreciation and Amortization Expense		1,816.08	3,938.51
	Other Expenses	28	7,645.55	9,910.79
	Total Expenses		**32,034.28**	**40,979.50**
V	**Profit / (Loss) before extraordinary items and tax (III-IV)**		**(5,797.39)**	**(14,397.48)**
VI	Extraordinary Item. (Refer Note No 38,40 & 42)		(24,711.85)	4,038.31
VII	**Profit / (Loss) before tax (V-VI)**		**18,914.46**	**(18,435.79)**
VIII	**Tax expense:**			
	Deferred tax		6,475.59	(4,917.88)
IX	**Profit / (Loss) for the period (VII-VIII)**		**12,438.87**	**(13,517.91)**
X	**Earnings per equity share of face value of ₹ 10 each**	29		
	Basic & Diluted after Extraordinary Items		62.83	(68.28)
	Basic & Diluted before Extraordinary Items		(61.99)	(47.87)
The accompanying notes are an integral part of these financial statements.		1 to 43		

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

Cash Flow Statement for the year ended 31st March 2016

(Amount ₹ in Lacs)

Particulars		2015-16		2014-15	
A	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net Profit (Loss) before Tax		18,914.46		(18,435.79)
	Adjustments for :				
	Depreciation	1,816.08		3,938.51	
	Unrealised Foreign (Gain) / Loss	(8.07)		(6.90)	
	Loss on Sale of Assets	0.00		0.05	
	Interest expenses	2,313.56		6,946.57	
	Interest waiver (OTS)	(24,725.42)		0.00	
	Interest Income	(21.35)		(10.73)	
			(20,625.20)		10,867.50
			(1,710.74)		(7,568.29)
	Operating Profit Before Working Capital Changes				
	Adjustments for :				
	Trade and other receivables	2,221.47		906.78	
	Inventories	(65.92)		2,373.55	
	Trade Payable and others	1,106.30		486.14	
			3,261.85		3,766.47
	Cash Generated From Operations		1,551.12		(3,801.82)
	Direct Taxes Paid		0.00		0.00
	Net Cash from Operating Activities before Extra Ordinery Items		**1,551.11**		**(3,801.82)**
	Extra-ordinery Items				
	Write off of Preliminery expence and Borrowing cost from Capital work-in-progress	0.00		572.84	
	Impairment of CWIP	358.50		0.00	
	Interest waiver income (OTS)	24,725.42		0.00	
	Provision for diminution in value of long term investments	(344.93)		3,465.47	
			24,738.99		4,038.31
	Net Cash from Operating Activities (A)		**26,290.10**		**236.48**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**				
	Recovery of Loan Given	603.78		7,396.22	
	Sale of Fixed Assets	0.00		2.12	
	Interest Income	21.35		10.73	
			625.13		7,409.07
	Net Cash from Investing Activities(B)		**625.13**		**7,409.07**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**				
	Proceeds from Long term Borrowings (Net of repayments)	(5,759.77)		(636.90)	
	Proceeds from Bank/ FIS borrowings for Working Capital.	(18,636.53)		(25.79)	
	Interest Paid	(2,313.56)	(26,709.86)	(6,946.57)	(7,609.26)
	Net Cash from Financing Activities(C)		**(26,709.86)**		**(7,609.26)**
	Net Increase in Cash and Equivalent.(A+B+C)		205.37		36.30
	Cash And Cash Equivalents as at the Beginning of the year		100.04		63.74
	Cash And Cash Equivalents as at the Close of the year		305.41		100.04

Cash Flow Statement for the year ended 31st March 2016 [Contd...]

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Note:		
Cash & Bank balances:		
a) Balance with Banks :		
- In Current accounts	285.22	59.76
b) Cash on hand	9.78	8.04
d) Other bank balances:		
- In Margin Money	10.41	32.24
Total	**305.41**	**100.04**

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

Notes to financial statement for the year ended 31st March 2016

1 1.1 CORPORATE INFORMATION :

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel in Flat and Long products.

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 .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 man-agement's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue Recognition:

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

2.4 Valuation of Inventories:

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

In case of Raw Materials,Stock at third party and Stores and Spares are de-termined 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 varia-ble and fixed production overheads including excise duty at applicable rates.

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

2.5 Fixed 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 condi-tion.

(b) Capital Work in progress is stated at cost less impairment loss if any.

(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.

2.6 **Depreciation and Amortization**

Depreciation on tangible assets is provided by using the straight line method based on useful life specified in Schedule II of the Companies Act 2013 except for the following assets:

Electric Arc Furnance	Useful life is estimated 8 years based on independent technical evaluation.

2.7 **Cash flow statement**

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

2.8 **Investments**

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

2.9 **Foreign currency transactions**

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

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

2.10 **Employee Benefits:**

(a) **Short Term**

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

(b) **Long Term**

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

(c) **Defined Contribution Plans**

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

(d) **Defined Benefit Plans**

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

(e) **Other Employee Benefit**

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

2.11 **Borrowing cost:**

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

2.12 **Taxation:**

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

2.13 **Impairment of Assets**

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

2.14 **Earnings per share**

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

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

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

2.16 **Cash and Cash equivalents:**

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

Notes forming part of the Financial Statements

(Amount ₹ in Lacs)

Note 3: SHARE CAPITAL	As at March 31, 2016	As at March 31, 2015
The Authorised, Issued, Subscribed and fully Paid up Share Capital		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00
Total	**3,500.00**	**3,500.00**
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	1,979.75	1,979.75
[It comprises of 1,977,500 equity shares of Rs 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depositary Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	**1,979.75**	**1,979.75**

a) Reconciliation of Number of Shares:

	As at March 31, 2016		As at March 31, 2015	
Equity Shares:	**Number of shares**	**Amount ₹ in lacs**	**Number of shares**	**Amount ₹ in lacs**
Shares outstanding at the beginning of the year	19797540	1979.75	19797540	1979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	**19797540**	**1979.75**	**19797540**	**1979.75**

b) Rights, Preferences and restrictions attached to shares

Equity Shares

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

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of shares held	**Percentage of Shares held**	**No of shares held**	**Percentage of Shares held**
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta

(Amount ₹ in lacs)

Note 4: RESERVES & SURPLUS	As at March 31, 2016	As at March 31, 2015
i) Capital Reserve:		
As per last balance sheet	0.01	0.01
Add: During the year (Refer note No. 42)	21,394.43	0.00
Closing balance	**21,394.44**	**0.01**
ii) Security Premium Reserve:	502.61	502.61
	502.61	**502.61**
iii) Debenture Redemption Reserve:	6,000.00	6,000.00
	6,000.00	**6,000.00**
iv) Surplus / (Deficit) in Statement of Profit & Loss:		
As per Last Balance Sheet	(79,428.59)	(65,803.81)
Transitional effect of Depreciation	0.00	(106.87)
Profit / (Loss) during the year	12,438.87	(13,517.91)
	(66,989.72)	**(79,428.59)**
Total (i)+(ii)+(iii)+(iv)	**(39,092.67)**	**(72,925.97)**

(Amount ₹ in lacs)

Note 5: LONG TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
(A) SECURED :		
I) Debentures		
- Non Convertible Debentures	2,708.33	3,958.33
II) Term Loans		
a) From Banks		
- Rupee Term Loan	324.04	1,485.40
- Funded Interest Term Loan	413.37	4,931.51
- Working Capital Term Loan	242.67	985.99
b) From Financial Institutions		
- Rupee Term Loan	16,808.76	4,722.59
- Funded Interest Term Loan	1,622.75	1,754.69
- Working Capital Term Loan	1,328.42	6,097.32
	23,448.34	**23,935.83**
(B) UNSECURED:		
Inter Corporate Deposits		
From Related Parties	26.00	752.00
From Others	164.00	164.00
Loans & Advances from related parties		
- From Director	367.73	584.73
	557.73	**1,500.73**
Total	**24,006.07**	**25,436.56**

(A) SECURED :

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

I) Non Convertible Debentures

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

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

Maturity profile of Non Convertible Debentures are as set out below : **(Amount ₹ in lacs)**

Financial Year	Rate of Interest		
	9%	10%	Total
2017-18	250.00	1,000.00	1,250.00
2018-19	250.00	1,000.00	1,250.00
2019-20	41.67	166.66	208.33
Total	**541.67**	**2166.66**	**2708.33**

b) Period and Amount of default as on the Balance sheet **(Amount ₹ in lacs)**

Particulars	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
2011-12	1,041.67	1460-1736 days	818.90	1460-1797 days
2012-13	1,250.00	1095-1370 days	980.00	1095-1431 days
2013-14	1,250.00	730-1005 days	980.00	730-1066 days
2014-15	1,250.00	365-640 days	890.00	365-700 days
2015-16	1,250.00	1-270 days	892.44	1-335 days
Total	**6041.67**		**4,561.34**	

II) Term Loan from Bank / Financial Institution:

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

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2020.

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

Particulars	2017-18	2018-19	2019-20	2020-21
Rupee term Loan from Bank	149.56	149.56	24.93	0.00
Term Loans from Financial Institution	1,450.97	1,512.97	7,202.83	6,642.00
Working Capital Term Loan from Bank	112.00	112.00	18.67	0.00
Working Capital Term Loan from Financial Institution	613.12	613.12	102.19	0.00
Funded Interest Term Loan from Bank	275.58	137.79	0.00	0.00
Funded Interest Term Loan from Financial Institution	1,081.83	540.92	0.00	0.00
Total	**3,683.06**	**3,066.36**	**7,348.62**	**6,642.00**

As per the terms of CDR Company has provided interest onTerm Loan @10 % except LIC of India @8.75 %,on Working Capital Term Loan @10 % and on Funded Interest Term Loan @6 %

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

The company has made a default in repayment as follows: **(Amount ₹ in lacs)**

Particulars	Period to which default relates	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
Rupee term Loan from Bank	2011-12	1,121.10	1460-1736 days	637.46	1460-1797 days
	2012-13	1,350.27	1095-1370 days	859.41	1095-1431 days
	2013-14	834.51	730-1005 days	749.58	730-1066 days
	2014-15	469.07	365-640 days	422.90	365-700 days
	2015-16	149.56	1-270 days	351.29	1-335 days
Term Loans from Financial Institution	2011-12	66.96	1460-1736 days	0.00	1460-1797 days
	2012-13	80.35	1095-1370 days	56.24	1095-1431 days
	2013-14	466.02	730-1005 days	56.24	730-1066 days
	2014-15	831.45	365-640 days	56.24	365-700 days
	2015-16	1,150.97	1-270 days	56.40	1-335 days
Working Capital Term Loan from Bank	2011-12	604.26	1460-1736 days	581.68	1460-1797 days
	2012-13	725.12	1095-1370 days	580.09	1095-1431 days
	2013-14	621.68	730-1005 days	580.09	730-1066 days
	2014-15	311.37	365-640 days	249.09	365-700 days
	2015-16	112.00	1-270 days	176.10	1-335 days
Working Capital Term Loan from	2013-14	103.44	730-1006 days	0.00	
Financial Institution	2014-15	413.75	365-640 days	0.00	
	2015-16	613.12	1-270 days	0.00	
Funded Interest Term Loan from Bank &	2010-11	0.00		354.90	1826-2070 days
Financial Institution	2011-12	1,121.10	1460-1736 days	637.46	1460-1797 days
	2011-12	0.00		468.18	1461-1704 days
	2012-13	0.00		519.57	1096-1339 days
	2013-14	678.71	730-821 days	463.74	730-1066 days
	2014-15	1,357.41	365-455 days	332.09	365-700 days
	2015-16	1,357.41	1-270 days	309.28	1-335 days
Total		**13,418.53**		**7,860.59**	

(B) UNSECURED :

Deposits:

The company has taken inter corporate deposit during the year from three related parties as mentioned herewith: SAL Care Pvt. Ltd. of ₹ 8,10,00,000/- SAL Corporation Pvt. Ltd. ₹ 26,00,000/- and SAL Hospital & Medical Institute ₹ 1,06,00,000/- .This party is covered under the register maintained under section 189 of the Companies Act , 2013.

(Amount ₹ in lacs)

Note 6: OTHER LONG TERM LIABILITIES	As at March 31, 2016	As at March 31, 2015
Security Trade Deposits	35.00	964.59
Total	**35.00**	**964.59**

(Amount ₹ in lacs)

Note 7: LONG TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	117.06	130.34
Total	**117.06**	**130.34**

(Amount ₹ in lacs)

Note 8 : SHORT TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	946.36	5,463.81
From Financial Institution	12,115.13	26,234.20
Total	**13,061.49**	**31,698.01**

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

Cash Credit Facilities

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

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

Particulars	*Period to which default relates capital facilities*	*Default in payment of interest on working capital facilities*	*Period of default*
Interest on Working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days
Total		**6,946.00**	

(Amount ₹ in lacs)

Note 9 : Trade Payables	As at March 31, 2016	As at March 31, 2015
Due to Micro, Small and Medium Enterprises *	0.00	0.00
Other than Micro, Small and Medium Enterprises	7,316.24	5,997.72
Total	**7,316.24**	**5,997.72**

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

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:

	As at March 31, 2016	As at March 31, 2015
- SAL Steel Limited	3,210.29	0.00
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	27.15	27.15
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	8.52	8.52

(Amount ₹ in lacs)

Note 10: OTHER CURRENT LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	1,250.00	1,250.00
- Term Loan from Banks	149.56	469.07
- Working Capital Term Loan from Banks	112.00	311.37
- Working Capital Term Loan from Financial Institutions	613.12	1,925.47
- Term Loan from Financial Institutions	1,350.97	1,491.34
- Funded Interest Term Loan from Bank	275.58	1,972.60
- Funded Interest Term Loan from Financial Institutions	1,081.83	701.88
	4,833.06	**8,121.73**
(b) Interest accrued & due on Borrowings	15,521.75	32,252.59
	15,521.75	**32,252.59**
(c) Income received in Advance	168.66	117.27
(d) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	6,041.67	4,791.67
- Interest Accrued on Matured Non Convertible Debentures	7,213.18	6,320.74
	13,254.85	**11,112.41**
(e) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	4,882.05	4,882.05
Add: Premium Payable on FCCB	2,355.83	2,355.83
	7,237.88	**7,237.88**
(f) Other Payables		
- Term Loan from Bank	722.86	1,922.69
- Working Capital Term Loan from Banks	541.33	1,193.57
- Working Capital Term Loan from Financial Institution	2,963.39	7,380.97
- Term Loan from Financial Institution	5,797.38	5,826.62
- Funded Interest Term Loan from Bank	688.95	2,958.90
- Funded Interest Term Loan from Financial Institution	2,704.58	1,052.81
- Statutory Dues Payable*	402.28	409.00
- Deferred Sales Tax Liability	497.99	671.99
- Unpaid Expenses	306.55	420.71
	14,625.31	**21,837.26**
Total	**55,641.51**	**80,679.14**

The Company, in September 2006, has raised US $ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share , at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of Companies Act, 2013.

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

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

(Amount ₹ in lacs)

Note 11: SHORT TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	36.00	25.80
- Leave Encashment	54.12	54.12
- Others*	360.53	334.07
Others		
- Provision for Wealth Tax	0.00	0.18
Total	**450.65**	**414.17**

* It includes bonus & other incentives to employees

Note 12: FIXED ASSETS
Tangible Assets :

(Amount ₹ in lacs)

Particulars	Freehold Land	Factory Building	Office/ Residential Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
As at 1st April 2014	422.82	2,276.72	326.92	51,672.69	49.17	403.53	210.23	197.24	55,559.32
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	12.47	0.00	0.00	12.47
As at 31st March 2015	**422.82**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**391.06**	**210.23**	**197.24**	**55,546.85**
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2016	**422.82**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**391.06**	**210.23**	**197.24**	**55,546.85**
Depreciation									
As at 1st April 2014	0.00	806.96	33.24	32,498.80	43.91	358.06	141.13	119.18	34,001.28
Charge for the year	0.00	105.92	5.16	3,786.49	0.00	16.03	0.00	24.91	3,938.51
Disposal / Adjustments	0.00	19.06	0.00	0.00	2.80	(2.69)	58.58	18.80	96.56
As at 31st March 2015	**0.00**	**931.94**	**38.40**	**36,285.29**	**46.71**	**371.40**	**199.71**	**162.90**	**38,036.35**
Charge for the year	0.00	85.62	5.16	1,714.91	0.00	0.10	0.00	10.29	1,816.08
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2016	**0.00**	**1,017.56**	**43.56**	**38,000.20**	**46.71**	**371.50**	**199.71**	**173.19**	**39,852.43**
Net Block									
As at 31st March 2015	**422.82**	**1,344.78**	**288.52**	**15,387.40**	**2.46**	**19.66**	**10.52**	**34.34**	**17,510.50**
As at 31st March 2016	**422.82**	**1,259.16**	**283.36**	**13,672.49**	**2.46**	**19.56**	**10.52**	**24.05**	**15,694.42**

Capital work-in-progess	31.03.2016	31.03.2015
Plant & Machinery (Refer Note No 40)	900.50	1,259.00
Total	**900.50**	**1,259.00**

Notes:

1) Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
2) Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.

(Amount ₹ in lacs)

Note 13: NON CURRENT INVESTMENTS	As at March 31, 2016	As at March 31, 2015
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	3,994.96	3,994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Less : Provision for Diminution in value of Investment (Refer note No 38)	3,120.54	3,465.47
Total	**874.42**	**529.49**

Aggregate amount of Quoted Investment and Market Value ₹ 874.42 lacs (P.Y. ₹ 529.49 lacs)

(Amount ₹ in lacs)

Note 14: LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Security Deposits	227.02	226.72
Total	227.02	226.72

(Amount ₹ in lacs)

Note 15: DEFERRED TAX ASSETS (NET)	As at March 31, 2016	As at March 31, 2015
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	27,303.29	26,368.33
On account of disallowances under the Income tax act, 1961	10,215.83	17,828.78
Gross deferred tax asset (A)	**37,519.12**	**44,197.11**
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2,703.41	2,905.81
Gross deferred tax liability (B)	**2,703.41**	**2,905.81**
Net Deferred Tax (A-B)	**34,815.71**	**41,291.30**

(Amount ₹ in lacs)

Note 16: INVENTORIES (valued at lower of cost or net realizable value)	As at March 31, 2016	As at March 31, 2015
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	419.78	365.53
ii) In Transit	24.08	94.15
Work in Progress	834.44	438.53
Finished Goods	3,295.09	3,474.12
Stores & spares	3,669.84	3,804.97
Total	**8,243.23**	**8,177.30**

(Amount ₹ in lacs)

Note 17: TRADE RECEIVABLES	As at March 31, 2016	As at March 31, 2015
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	97.18	380.55
Others	896.36	1,137.82
Doubtful	162.20	98.58
Total	1,155.74	1,616.95
Less: Provision for claim / Doubtful debts	162.20	98.58
Total	**993.54**	**1,518.37**

Sundry Debtors include dues from Associate concerns:	2015-16 Amount	2014-15 Amount
- SAL College of Engineering (A Division of Adarsh Foundation)	8.72	8.72
- SAL Institute of Pharmacy (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institute of Managament (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institiute of Technical & Engineering Research (A Division of Adarsh Foundation)	11.66	11.66

(Amount ₹ in lacs)

Note 18: CASH AND BANK BALANCES	As at March 31, 2016	As at March 31, 2015
a) Balance with Banks :		
- In Current accounts	285.22	59.76
b) Cash on hand	9.78	8.04
c) Other bank balances:		
- In Margin Money *	10.41	32.24
Total	**305.41**	**100.04**

* Margin Money deposits with a carrying amount of ₹ 10.41 lacs (P.Y.: ₹ 32.24 lacs) are given as margin against bank guarantee

(Amount ₹ in lacs)

Note 19: SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Loans & advances to related parties		
- Intercorporate Loan	0.00	603.78
Others		
Advances to suppliers	527.98	726.52
Balances with government authorities	745.02	2,272.16
Prepaid expenses	29.08	6.32
Deposits	0.00	0.97
Other Loans and Advance*	158.77	150.74
Total	**1,460.85**	**3,760.49**

* Includes Loan & advances given to Employees

(Amount ₹ in lacs)

Note 20: OTHER CURRENT ASSETS	As at March 31, 2016	As at March 31, 2015
Interest Accrued		
- On Deposits	0.00	1.10
Total	0.00	1.10

(Amount ₹ in lacs)

Note 21: CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As at March 31, 2016	As at March 31, 2015
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	27,834.95	27,580.15
- Banks / Financial Institution	51,497.82	0.00
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	20,750.00	20,750.00
- Bank guarantee given	10.41	30.43
(c) Other money for which the company is contingently liable		
- Disputed Income Tax /VAT/ Excise / Service tax Demand	2,702.89	764.25

(Amount ₹ in lacs)

Note 22: REVENUES FROM OPERATION	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
I . Sale of Products		
Manufactured Goods		
- Domestic	28,924.20	28,450.42
- Export	0.00	500.82
	28,924.20	**28,951.24**
II. Sale of service		
- Job work	0.00	8.57
- Manpower Services	300.00	300.00
	300.00	**308.57**
III. Other Operating Revenues		
- Export incentive	0.00	10.36
	0.00	**10.36**
Total	**29,224.20**	**29,270.17**

(Amount ₹ in lacs)

Note22.1: Particulars of Sale of Products	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Sales of Iron & Steel		
Bars ,Beams , Flats	909.27	1,135.39
Plate & Coil	13,788.93	25,867.65
Slab, Billets etc	14,226.00	1,948.20
Total	**28,924.20**	**28,951.24**

(Amount ₹ in lacs)

Note 23: OTHER INCOMES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Interest Income	21.35	10.73
Miscellaneous Income	0.00	0.20
Foreign Exchange Fluctuation Gain (Net)	105.84	10.32
Other Non operating income		
Sundry Balances Written off (Net)	9.25	423.49
Total	**136.44**	**444.74**

(Amount ₹ in lacs)

Note 24: COST OF MATERIAL CONSUMED	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Opening Stock	459.68	1,889.71
Purchases	19,250.02	16,339.53
	19,709.70	18,229.24
Less :Closing Stock	443.86	459.68
Total	**19,265.84**	**17,769.56**

(Amount ₹ in lacs)

Note 25: CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK-IN-TRADE.	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
A) Opening Stocks		
- Finished Goods	3,474.12	3,212.16
- Work in process	438.53	1,575.08
Sub-Total (A)	**3,912.65**	**4,787.24**
B) Less: Closing Stocks		
- Finished Goods	3,295.09	3,474.12
- Work in process	834.44	438.53
Sub-Total (B)	**4,129.53**	**3,912.65**
Total (A)-(B)	**(216.88)**	**874.59**

(Amount ₹ in lacs)

Note 26: EMPLOYEES BENEFIT EXPENSES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Salaries & Wages	1155.86	1468.15
Contribution to Provident & Other Funds	39.18	45.21
Staff Welfare Expenses	15.09	26.12
Total	**1210.13**	**1539.48**

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

Defined Contribution Plan

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

Particulars	2015-16	2014-15
Employer's Contribution to Provident Fund	38.85	44.88
Contribution for Key Managerial Person	0.33	0.33
	39.18	45.21

Defined Benefit Plan

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

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

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening defined benefit obligation	156.15	143.98
Excess / Short provision	0.00	4.80
Service cost	18.91	18.81
Interest cost	11.17	12.09
Actuarial (Gain) / Loss	(26.16)	(6.35)
Benefits paid	(7.00)	(17.19)
Closing defined benefit obligation	**153.07**	**156.14**

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

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening fair value of plan assets Expected return Actuarial Gain / (Loss) Employer contribution Benefits paid Closing fair value of plan assets	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Fair value of plan assets Present value of obligation Amount recognised in balance sheet	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded

IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '26') **(Amount ₹ in lacs)**

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Service cost	18.91	18.81
Interest cost	11.17	12.09
Expected return on plan assets	0.00	0.00
Actuarial (Gain) / Loss	(26.16)	(6.35)
Prior year Charge	0.00	4.80
Net cost included in ₹Employee Benefit Expense'	3.92	29.36

V. Investment Details

Particulars	% invested	
	2015-16 (%)	2014-15 (%)
Public sector securities Special deposit schemes State Govt. securities FDR with banks Balance with banks Total	Not applicable as Gratuity Liability is not funded	Not applicable as Gratuity Liability is not funded

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Discount rate (per annum)	7.90%	7.80%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	7.00%	7.00%

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

Gratuity (Unfunded)	31.03.2016 Amount	31.03.2015 Amount	31.03.2014 Amount	31.03.2013 Amount	31.03.2012 Amount
Defined Benefit obligation	153.07	156.15	143.98	176.03	184.33
Plan asset	0.00	0.00	0.00	0.00	0.00
Surplus/(deficit)	(153.07)	(156.15)	(143.98)	(176.03)	(184.33)
Experience adjustment on plan liability	(27.67)	(23.87)	(8.76)	(27.10)	(30.25)
Acturial Loss / (Gain) due to change in assumptions.	1.51	17.52	(13.51)	0.00	0.00
Experience adjustment on plan assets	0.00	0.00	0.00	0.00	0.00

VIII Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2015-16 to the defined contribution plan.However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

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

(Amount ₹ in lacs)

Note 27: FINANCE COSTS	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
(a) Term loans		
- From Banks	836.67	2,857.09
- From Financial institution	56.40	56.24
(b) Working capital facilities	516.19	3,115.16
(c) Debentures	892.44	980.00
(d) Others	11.86	28.08
Total	**2,313.56**	**6,946.57**

(Amount ₹ in lacs)

Note 28: OTHER EXPENSES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Consumption of stores & spare parts	2,065.03	4,046.13
Power & fuel	4,256.55	4,391.31
Factory Labour expense	383.11	705.31
Provision for Excise Duty on finished goods	(24.68)	25.57
Factory Expenses	82.07	91.08
Repairs and maintenance :		
- to Factory Building	7.67	9.99
- to Plant & Machinery	27.77	61.98
- to Others	19.57	25.25
	55.01	**97.22**
Donation	0.15	0.13
Sales Tax expenses	108.98	68.98
Selling costs	59.55	40.76
Packing Cost	1.51	21.71
Freight outward expenses	373.52	171.93
Travelling & conveyance	40.30	55.51
Legal, Consultancy and Professional Fees	45.32	61.47
Miscellaneous expenses	47.00	32.37
Advertisement, Stationery and Communication	22.07	30.08
Payment to Auditors #	10.47	10.01
Rent	11.40	11.40
Rates and Taxes	16.25	10.87
Insurance	12.72	14.40
Bank Charges	15.60	24.55
Provision for Bad debt	63.62	0.00
Total	**7,645.55**	**9,910.79**

(Amount ₹ in lacs)

# Payment to Auditors :	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
As Auditor		
- Statutory Audit	7.50	7.50
For other services	2.10	2.00
For Reimbursement of Expenses	0.87	0.51
Total	**10.47**	**10.01**

(Amount ₹ in lacs)

Note 29: EARNING PER SHARE	Unit	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Net profit / (Loss) for the year attributable to Equity Shareholders before extraordinary item.	₹ in lacs	(12,272.98)	(9,479.60)
Net profit / (Loss) for the year attributable to Equity Shareholders after extraordinary item.	₹ in lacs	12,438.87	(13,517.91)
Weighted Average Number of Equity Shares outstanding	Nos.	1 97 97 540	1 97 97 540
Basic & Diluted earnings per share before extraordinary item (face value of ₹ 10 each)	₹	(61.99)	(47.87)
Basic & Diluted earnings per share after extraordinary item (face value of ₹ 10 each)	₹	62.83	(68.28)

Note 30: INFORMATION REGARDING STOCK

a) Capacity (As Certified by Management)

Class of products	Annual Licensed capacity (MT)		Annual Installed Casting (MT)	
	2015-16	2014-15	2015-16	2014-15
S.S.Flats, Bars & Castings, Hot Rolled M.S./S.S/A.S Plates , H.R. / C.R.Coil	**N.A**	**N.A**	3 00 000	3 00 000

b) Production:

Class of products	2015-16 Qty. (MT)	2014-15 Qty. (MT)
1. Finished Goods		
(a) Bars, Beams, Flats	630.024	1 058.930
(b) Plate & Coil	38 105.827	51 019.070
2. Semi-Finished Goods		
Slab, Billets, etc	50 126.903	2 685.094
TOTAL	**88 862.754**	**54 763.094**

c) Turnover (Exluding Trading Turnover)

Class of Goods	2015-16		2014-15	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods				
(a) Bars ,Beams , Flats	2 433.975	909.27	1 892.760	1135.39
(b) Plate & Coil	39 173.284	13788.93	47 316.701	25867.65
2. Semi-Finished Goods				
Slab, Billets etc	48 878.465	14226.00	5 292.585	1948.20
TOTAL	**90 485.724**	**28924.20**	**54 502.046**	**28951.24**

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2015		As at 01-04-2014		As at 31-03-2016		As at 31-03-2015	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods								
(a) Bars ,Beams , Flats	151.909	59.74	985.739	442.77	1 199.842	321.73	151.909	59.74
(b) Plate & Coil	8 984.770	3044.43	5 282.401	2425.01	7 957.463	2628.10	8 984.770	3044.43
(c) Excise Duty on Finished Goods		369.95		344.38		345.27		369.95
2. Semi-Finished Goods								
Slab, Billets etc	1 491.356	438.53	4 098.847	1575.08	2 739.794	834.43	1 491.356	438.53
TOTAL	**10 628.035**	**3912.65**	**10 366.987**	**4787.24**	**11 897.099**	**4129.53**	**10 628.035**	**3912.65**

Note 30: INFORMATION REGARDING STOCK (Contd...)

e) Consumption of Raw materials:

Particulars	2015-16		2014-15	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
Scrap	84,211.890	12,990.69	58,873.931	12,784.00
Ferro Chrome	929.363	516.78	2,945.107	1,906.83
M.S.Slab	19,862.703	4,850.37	0.000	0.00
Others	1,879.616	908.00	4,225.181	3,078.73
TOTAL	**106,883.572**	**19,265.84**	**66,044.219**	**17,769.56**

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

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Raw Materials	6,410.34	147.83
Stores & Spares	11.69	12.50

g) Expenditure in foreign currency during the financial year

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Travelling Expenses	0	1.71
Commission on Export Sales.	0	1.79

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

Particulars	2015-16		2014-15	
	Amount (₹ in Lacs)	% of consumption	Amount (₹ in Lacs)	% of consumption
Raw Material-Manufacturing Activity				
Imported	7,228.75	37.52%	1,337.04	7.52%
Indigenous	12,037.09	62.48%	16,432.52	92.48%
Total	**19,265.84**	**100.00%**	**17,769.56**	**100.00%**
Stores & Spare parts				
Imported	13.53	0.66%	14.61	0.36%
Indigenous	2,051.50	99.34%	4,031.52	99.64%
Total	**2,065.03**	**100.00%**	**4,046.13**	**100.00%**

i) Earning in Foreign Exchange:

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
FOB Value of exports	0	461.65

Note 31: RELATED PARTY DISCLOSURES

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

i) Concern where significant interest exists.

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

ii) Key Management Personnel and Relatives

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

iii) Disclosure of Related Party Transactions

(Amount ₹ in Lacs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2015-16	2014-15	2015-16	2014-15
1	Purchase of goods & Services	5750.69	3474.85		
2	Purchase of Power	2868.71	2019.41		
3	Sales of Goods	105.13	409.51		
4	Manpower Charges Recovered	300.00	300.00		
4	Rent paid	9.60	9.60		
5	Loan Availed	942.00	430.00		
6	Loan Repaid	1885.00	575.00		
7	Intercorporate Loan Recoved	603.78	7396.22		
8	Remuneration			49.68	44.88

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

					Balance outstanding as at	
Sr.No.	**Description**	**Related Parties**	**2015-16**	**2014-15**	**3/31/2016**	**3/31/2015**
1	Purchase of Goods & Services	SAL Steel Ltd	5,750.69	3,471.01	3,210.29	0.00
		SAL Pharmacy	0.00	3.34	8.52	8.52
		SAL Hospital & Medical Institute	0.00	0.50	27.15	27.15
2	Purchase of power	SAL Steel Ltd	2,868.71	2,019.41		
3	Sales of goods	SAL Steel Ltd	105.13	407.78		
		SAL Hospital & Medical Institute	0.00	1.73		
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	142.80	142.80	11.66	11.66
		SAL Institute of Pharmacy	25.20	25.20	2.06	2.06
		SAL Institute of Management	25.20	25.20	2.06	2.06
		SAL College of Engineering	106.80	106.80	8.72	8.72
5	Rent paid	SAL Steel Ltd	9.60	9.60		
6	Remuneration to	Mr. K S Kamath	12.92	12.92		
	Key Management Personnel	Mr. Ashok Sharma	12.00	12.00		
		Mr. Yashpal Mehta	9.76	9.76		
		Mr. Vinod Shah	15.00	10.20		
7	Loan Availed	SAL Care Pvt Ltd.	810.00	430.00	0.00	752.00
		SAL Corporation Pvt. Ltd.	26.00	0.00	26.00	0.00
		SAL Hospital & Medical Institute	106.00	0.00	0.00	0.00
		Mr. Rajendra V Shah	0.00	0.00	367.73	584.73
8	Loan Repaid	SAL Care Pvt Ltd.	1,562.00	575.00		
		Mr. Rajendra V Shah	217.00	0.00		
		SAL Hospital & Medical Institute	106.00	0.00		
9	Intercorporate Loan Recoved	SAL Steel Ltd	603.78	7,396.22	0.00	603.78

32. 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.

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

(a) Deferring repayment of Term loan ₹ 15,605.13 lacs Working capital term loan ₹ 17,782.65 lacs and Non Convertible Debentures ₹ 10,000.00 lacs for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.

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

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹ in lacs)*	*Period for which the default subsists*
Term Loan	2011-12	1,188.05	1460-1736 days
	2012-13	1,430.61	1095-1370 days
	2013-14	1,300.52	730-1005 days
	2014-15	1,300.52	365-640 days
	2015-16	1,300.52	1-270 days
Working Capital Term Loan	2011-12	604.26	1460-1736 days
	2012-13	725.12	1095-1370 days
	2013-14	725.12	730-1005 days
	2014-15	725.12	365-640 days
	2015-16	725.12	1-270 days
Non Convertible Debenture	2011-12	1,041.67	1460-1736 days
	2012-13	1,250.00	1095-1370 days
	2013-14	1,250.00	730-1005 days
	2014-15	12,50.00	365-640 days
	2015-16	1,250.00	1-270 days
Funded Interest Term Loan (FITL)	2013-14	678.70	730-821 days
	2014-15	1,357.41	365-455 days
	2015-16	1,357.41	1-270 days

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

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹ in lacs)*	*Period for which the default subsists*
Interest on Term Loan	2011-12	637.46	1095-1431 days
	2012-13	915.65	1095-1431 days
	2013-14	805.82	730-1066 days
	2014-15	479.14	365-700 days
	2015-16	407.69	1-335 days
Interest on Working Capital Term Loan	2011-12	581.68	1095-1431 days
	2012-13	580.09	1095-1431 days
	2013-14	580.09	730-1066 days
	2014-15	249.09	365-700 days
	2015-16	176.10	1-335 days
Interest on Non Convertible Debenture	2011-12	818.90	1460-1797 days
	2012-13	980.00	1095-1431 days
	2013-14	980.00	730-1066 days
	2014-15	890.00	365-700 days
	2015-16	892.44	1-335 days

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹ in lacs)*	*Period for which the default subsists*
Interest on Funded Interest Term Loan(FITL)	2010-11	354.90	1826-2070 days
	2011-12	468.18	1461-1704 days
	2012-13	519.57	1096-1339 days
	2013-14	463.74	730-1066 days
	2014-15	332.09	365-700 days
	2015-16	309.28	1-335 days

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹ in lacs)*	*Period for which the default subsists*
Interest on working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days

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

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

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

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank	31/12/2012	Asset Reconstruction Company (India) Ltd
IDBI Bank	28/03/2014	Asset Reconstruction Company (India) Ltd
Bank of Baroda	26/03/2014	Edelweiss Assets Reconstruction Company Ltd.
Oriental Bank of Commerce	04/08/2014	Edelweiss Assets Reconstruction Company Ltd.
Bank of Maharashtra	13/05/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.
Punjab National Bank	31/03/2016	Invent Assets Securitization & Reconstruction Pvt. Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with Asset Reconstruction Companies (ARC) and hence due to non availability of agreement with Asset Reconstruction Companies (ARC), the company has taken the CDR – 2 orders as base for classification of current / non-current liability and default of total borrowing.

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

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

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

38 The Company has long term investment in the shares of SAL Steel Limited amounting to ₹ 3,994.96 lacs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2016, the Company has accumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited also 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. Also there is no major movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there is decline, other than temporary, in the value of a long term investment. And as a result, we have accounted for investment in shares of SAL Steel Ltd

at market rate of shares @ ₹ 2.89 per share reducing the value of investment to ₹ 8,74.42 lacs and provided for ₹. 3,120.54 lacs as diminution other than temporary in the value of investment in books of accounts.

39 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the previous years and the Company's current liabilities exceed 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 ARC / 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. Further, post OTS, Company will reduce the interest burden drastically and will be optimistic about reducing of accumulated losses gradually.

40 Since last many years the company does not have internal accruals from the operations and as a result, management do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. Since the capital project is not anticipated to complete in future, we have provided for the impairment loss for the amount of ₹. 358.50 lacs 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.

41 Foreign currency exposure at the yearend not hedged by derivative instruments:

Particulars	As at 31st March 2016	As at 31st March 2015
Advance payment to suppliers		
₹ in lacs	293.23	158.17
US Dollar	4.42	2.21
AED	0	1.17
Receivables against export of goods		
₹ in lacs	0	27.81
US Dollar	0	0.44
Advance received from customers		
₹ in lacs	0	6.41
US Dollar	0	0.10
Euro	0	0
FCCB Payable (Including Interest)		
₹ in lacs	7,237.88	7,237.88
US Dollar	148.25	148.25

42 The company has entered into settlement agreement with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited. The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 14,615.00 lacs towards full and final settlement against the total liability (Principal and Interest) of ₹ 60,734.85 lacs resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs, the waiver of liability of Principal portion of ₹ 21,394.43 lacs has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 24,725.42 lacs has been offered as an Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2016.

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

As per our report attached to the Balance Sheet

Signatures to Notes 1-43

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

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of
SHAH ALLOYS LIMITED
AHMEDABAD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Shah Alloys Limited (hereinafter referred to as "the Holding Company") and its Associate (the Holding Company and its Associate together referred to as "the Group") which comprise the Consolidated Balance sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss , the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance and the Consolidated cash flows of the Group including its Associate 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. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective board of directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting .

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Basis for Qualified Opinion

1. *The Holding Company has not provided for foreign exchange loss in the financial statements on the Principal amount of 1,00,00,000 USD and on the Premium amount of 48,25,500 USD of the Foreign Currency Convertible Bonds(FCCB) which had become due for payment on September 22, 2011 and remain unpaid as at March 31, 2016, which constitutes a departure from the Accounting Standard - 11, "The Effects of Changes in Foreign Exchange Rates", which requires that each foreign currency monetary items should be reported using the closing rate as at the balance sheet date. Non provision of the foreign exchange loss on the aforesaid Foreign Currency Convertible Bonds (FCCB) and the Premium amount relates to the period from September 23, 2011 to March 31, 2016. The Holding Company's record indicate that had management done the provision, the Exchange loss for the Year ended 31st March 2016 would have been higher by ₹ 5,54,78,504/-. Accordingly, profits for the Year ended 31st March 2016 has been over-stated by 5,54,78,504/- and negative balance of reserves and surplus has been understated by ₹ 25,96,30,086/- as at 31st March 2016.*

2. *Management of the associate company is of the view that they do not anticipate execution of its ongoing capital projects. However, the Associate Company has not made adequate provision towards recovery of capital advances for the said project for the amount of ₹9,41,22,080/- which are currently shown under Long term loans and advances in its standalone Financials. 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 Consolidated 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 consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1) In case of the consolidated Balance Sheet ,of the state of affairs of the Group as at March 31, 2016 ,

2) In case of the consolidated Statement of profit and loss, of the Profits for the year ended on that date

3) In case of the consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

Emphasis of Matters

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

1) Note No 39 to the consolidated financial statements regarding the Holding Company having accumulated losses and its net worth has been fully eroded. The consolidated Financial Statements indicates that the Holding Company has incurred a net loss during the previous year and, the Holding 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 Holding Company's ability to continue as a going concern. However, the consolidated financial statements of the Holding Company have been prepared on a going concern basis for the reasons stated in the said Note 39 to the consolidated financial statements.

2) Note No 34 to the consolidated financial statements of holding company, regarding the transfer/assignment of secured loans with all their rights, title and interest in the financial documents by banks to the Asset Reconstruction companies.

3) During the year ended 31st March 2016, the holding company has carried out a techno-economic assessment for the valuations of its Capital Projects to identify the impairment loss and provision thereof, if any. Based on the said techno-economic assessment of the Capital Projects, the holding Company has provided for ₹ 3,58,50,355/- as per Note 40 to the consolidated financial statements The same is 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.

4) Note 42 to the consolidated Financial Statements about the settlement agreement entered into by the holding company with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited.

   The holding Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

   The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 146,15,00,000/- towards full and final settlement against the total liability(Principal and Interest) of ₹ 607,34,85,227/- resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-.

   Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 461,19,85,227/-, the waiver of liability of Principal portion of ₹ 213,94,42,763/- has been shown as a capital Reserves in the consolidated Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 247,25,42,464/- has been offered as Income in the consolidated Statement of profit and Loss and has been shown as an Extraordinary item in the Results for the period ended 31st March 2016.

5) Note 43 to the Consolidated Financials regarding the recognition of the share of loss in its Associate by the Holding Company.

6) Note 46 to the Consolidated financial statements which describes that the Non disclosure of Reportable Segments as required under Accounting Standard – 17 'Segment Reporting' by the Associate Company due to which there is no impact on the Consolidated Statement of Profit and Loss.

7) During the year, the Associate Company has accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Associate Company has incurred a net loss during the current and previous year(s) and, the Associate 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 Associate Company's ability to continue as a going concern. However, the financial statements of the Associate Company have been prepared on a going concern basis for the reasons stated in the said Note 46 to the Consolidated financial statements.

8) Assignment of dues for various facilities provided to the Associate company by banks to Invent Assets Securitization and Reconstruction Private Limited as per Note 48 to the Consolidated financial statements.

9) During the year ended 31st March 2016, the Associate company has carried out a techno-economic assessment for the valuations of its Capital Projects to identify the impairment loss and provision thereof, if any. Based on the said techno-economic assessment of the Capital Projects, the Associate Company has provided for ₹ 31,70,24,474/- as per Note 49 to the Consolidated financial statements The same is 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.

10) Note 51 to the Consolidated Financial Statements regarding the Associate company's reference being filed under section 15(1) of SICA (SP) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 has registered the reference filed by the Associate company vide case no 109/2015.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

i) As required by Section 143 (3) of the Act, we report, to the extent applicable , that:

a) We have sought and , except for the possible effect of the matter described in the Basis for Qualified opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, the aforesaid Consolidated 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 (1) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

g) On the basis of the written representations received from the directors of Holding company and the associate company as on March 31, 2016 taken on record by the Board of Directors of Holding company and the associate company , none of the directors of the Group Companies is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act; and

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

i) The Consolidated Financial Statements disclosed the impact of pending litigations on Consolidated financial position in its Consolidated financial statements – Refer Note 21 to the Consolidated financial statements;

ii) The Group 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 Holding Company and its associate company.

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

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 30, 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHAH ALLOYS LIMITED
Referred to in our Report of even date

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of Shah Alloys Limited (hereinafter referred to as "the Holding Company") and its associate company , which is incorporated in India.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Umesh Talati
Partner
Mem No. : 034834

Place : Ahmedabad
Date : May 30, 2016

Consoldiated Balance Sheet as at March 31, 2016

(Amount ₹ in Lacs)

	Note No	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES			
(1) **Shareholders' Funds:**			
(a) Share Capital	3	1,979.75	1,979.75
(b) Reserves and Surplus	4	(39,967.09)	(73,455.46)
		(37,987.34)	(71,475.71)
(2) **Non-Current Liabilities:**			
(a) Long Term Borrowings	5	24,006.07	25,436.56
(b) Other Long Term Liabilities	6	35.00	964.59
(c) Long Term Provisions	7	117.06	130.34
		24,158.13	26,531.49
(3) **Current Liabilities:**			
(a) Short Term Borrowings	8	13,061.49	31,698.01
(b) Trade Payables	9	7,316.24	5,997.72
(c) Other Current Liabilities	10	55,641.51	80,679.14
(d) Short Term Provisions	11	450.65	414.17
		76,469.89	118,789.04
TOTAL		**62,640.68**	**73,844.82**
II. ASSETS			
(1) **Non-Current Assets:**			
(a) Fixed Assets	12		
(i) Tangible Assets		15,694.42	17,510.50
(ii) Capital work-in-progress		900.50	1,259.00
(b) Non-Current Investments	13	0.00	0.00
(c) Long Term Loans and Advances	14	227.02	226.72
(d) Deferred Tax Assets (Net)	15	34,815.71	41,291.30
		51,637.65	60,287.52
(2) **Current Assets:**			
(a) Inventories	16	8,243.23	8,177.30
(b) Trade Receivables	17	993.54	1,518.37
(c) Cash and Cash equivalents	18	305.41	100.04
(d) Short Term Loans and Advances	19	1,460.85	3,760.49
(e) Other Current Assets	20	0.00	1.10
		11,003.03	13,557.30
TOTAL		**62,640.68**	**73,844.82**
The accompanying notes are an integral part of these financial statements.	1 to 52		

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

Consolidated Statement of Profit and Loss for the Year ended 31st March 2016

(Amount ₹ in Lacs)

		Note No	Year ended on 31st March 2016	Year ended on 31st March 2015
I.	Revenue from operations	22	29,224.20	29,270.17
	Excise duty		(3,123.75)	(3,132.89)
			26,100.45	26,137.28
II.	Other income	23	136.44	444.74
III.	**Total revenue (I + II)**		**26,236.89**	**26,582.02**
IV	**EXPENDITURE :**			
	Cost of materials consumed	24	19,265.84	17,769.56
	Changes in inventories of finished goods & work-in-progress.	25	(216.88)	874.59
	Employee benefits expense	26	1,210.13	1,539.48
	Finance costs	27	2,313.56	6,946.57
	Depreciation and Amortization Expense		1,816.08	3,938.51
	Other Expenses	28	7,645.55	9,910.79
	Total Expenses		**32,034.28**	**40,979.50**
V	**Profit / (Loss) before extraordinary items and tax (III-IV)**		**(5,797.39)**	**(14,397.48)**
VI	Extraordinary Item. (Refer Note No 38,40 & 42)		(24,711.85)	4,038.31
VII	**Profit / (Loss) before tax (V-VI)**		**18,914.46**	**(18,435.79)**
VIII	**Tax expense:**			
	Deferred tax		6,475.59	(4,917.88)
IX	**Profit / (Loss) for the period (VII-VIII)**		**12,438.87**	**(13,517.91)**
	Share of Loss on Associate Concern		344.93	529.49
	Profit / (Loss) for the period (VII-VIII)		**12,093.94**	**(14,047.40)**
X	**Earnings per equity share of face value of ₹ 10 each**	29		
	Basic & Diluted after Extraordinary Items		61.09	(70.96)
	Basic & Diluted before Extraordinary Items		(63.73)	(50.56)
The accompanying notes are an integral part of these financial statements.		1 to 52		

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

Consolidated Cash Flow Statement for the year ended 31st March 2016

(Pursuant to the listing Agreement with Stock Exchange)

(Amount ₹ in Lacs)

	Particulars	2015-16	
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit (Loss) before Tax		18,914.46
	Adjustments for :		
	Depreciation	1,816.08	
	Unrealised Foreign (Gain) / Loss	(8.07)	
	Interest expenses	2,313.56	
	Interest waiver (OTS)	(24,725.42)	
	Interest Income	(21.35)	
			(20,625.20)
			(1,710.74)
	Operating Profit Before Working Capital Changes		
	Adjustments for :		
	Trade and other receivables	2,221.48	
	Inventories	(65.91)	
	Trade Payable and others	1,106.30	
			3,261.87
	Cash Generated From Operations		1,551.12
	Direct Taxes Paid		0.00
	Net Cash from Operating Activities (A)		**1,551.12**
	Extra-ordinery Items		
	Impairment of CWIP	358.50	
	Interest waiver income (OTS)	24,725.42	
	Provision for diminution in value of long term investments	(344.93)	
			24,738.99
	Net Cash from Operating Activities after Extra Ordinery Items(A)		**26,290.11**
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Recovery of Loan Given	603.78	
	Interest Income	21.35	
			625.13
	Net Cash from Investing Activities(B)		**625.13**
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from Long term Borrowings (Net of repayments)	(5,759.79)	
	Proceeds from Bank/ FIS borrowings for Working Capital.	(18,636.53)	
	Interest Paid	(2,313.56)	(26,709.88)
	Net Cash from Financing Activities(C)		**(26,709.88)**
	Net Increase in Cash and Equivalent.(A+B+C)		205.37
	Cash And Cash Equivalents as at the Beginning of the year		100.04
	Cash And Cash Equivalents as at the Close of the year		305.41

Consolidated Cash Flow Statement for the year ended 31st March 2016 [Contd...]

(Amount ₹ in Lacs)

Particulars	2015-16
Note:	
Cash & Bank balances:	
a) Balance with Banks :	
- In Current accounts	285.22
b) Cash on hand	9.78
d) Other bank balances:	
- In Margin Money	10.41
Total	**305.41**

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

Notes to Consolidated financial statement for the year ended 31 March 2016

1 1.1 CORPORATE INFORMATION :

The company is engaged in manufacturing of wide range of Stainless Steel, Alloy & Special steel, Carbon/ Mild Steel in Flat and Long products.

1.2 A BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS:

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

1.2 B PRINCIPLES OF CONSOLIDATION

The consolidated financial statements relate to Shah Alloys Limited ('the Company') and its associate. The consolidated financial statements have been prepared on the following basis:

a) Investment in Associate Company has been accounted under the equity method as per Accounting Standard (AS) 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

b) The Holding Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Holding Company and its associate to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss, based on available information.

c) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

d) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Holding Company's separate financial statements.

e) In case where an Investor's share of losses of an associate equals or exceeds the carrying amount of the investment, the investor ordinarily discontinues recognising its share of further losses and the investment is reported at nil value. If the associate subsequently reports profits, the investor resumes including its share of profits only after its share of profits equals the share of net losses that have not been recognised earlier.

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 man-agement's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 Revenue Recognition:

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

2.4 Valuation of Inventories:

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

In case of Raw Materials,Stock at third party and Stores and Spares are de-termined 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 varia-ble and fixed production overheads including excise duty at applicable rates.

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

2.5 **Fixed 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 condi-tion.

(b) Capital Work in progress is stated at cost less impairment loss if any.

(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.

2.6 **Depreciation and Amortization**

Depreciation on tangible assets is provided by using the straight line method based on useful life specified in Schedule II of the Companies Act 2013 except for the following assets:

Electric Arc Furnance Useful life is estimated 8 years based on independent technical evaluation.

2.7 **Cash flow statement**

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

2.8 **Investments**

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

2.9 **Foreign currency transactions**

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

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

2.10 **Employee Benefits:**

(a) **Short Term**

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

(b) **Long Term**

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

(c) **Defined Contribution Plans**

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

(d) **Defined Benefit Plans**

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

(e) **Other Employee Benefit**

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

2.11 **Borrowing cost:**

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

2.12 **Taxation:**

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

2.13 **Impairment of Assets**

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

2.14 **Earnings per share**

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

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

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

2.16 **Cash and Cash equivalents:**

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

Notes forming part of the Consolidated Financial Statements

(Amount ₹ in Lacs)

Note 3: SHARE CAPITAL	As at March 31, 2016	As at March 31, 2015
The Authorised, Issued, Subscribed and fully Paid up Share Capital		
Authorised		
35,000,000 Equity Shares of ₹ 10/- each (P.Y: 35,000,000 Equity Shares of ₹ 10/- each)	3,500.00	3,500.00
Total	**3,500.00**	**3,500.00**
Issued, Subscribed & Fully Paid-Up		
19,797,540 Equity Shares of ₹ 10/- each fully paid up (P.Y: 19,797,540 Equity Shares of ₹ 10/- each)	1,979.75	1,979.75
[It comprises of 1,977,500 equity shares of Rs 10/- each fully paid (P.Y. 1,977,500 equity shares) converted from Global Depositary Receipts (GDRs). Outstanding number of GDRs is Nil (P.Y.- Nil)]		
Total	**1,979.75**	**1,979.75**

a) Reconciliation of Number of Shares:

	As at March 31, 2016		As at March 31, 2015	
Equity Shares:	**Number of shares**	**Amount ₹ in lacs**	**Number of shares**	**Amount ₹ in lacs**
Shares outstanding at the beginning of the year	19797540	1979.75	19797540	1979.75
Changes during the year	-	-	-	-
Shares outstanding at the end of the year	**19797540**	**1979.75**	**19797540**	**1979.75**

b) Rights, Preferences and restrictions attached to shares

Equity Shares

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

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

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	No of shares held	**Percentage of Shares held**	**No of shares held**	**Percentage of Shares held**
Mr. Rajendra V. Shah #	94 44 364	47.71%	94 44 364	47.71%
Mrs. Ragini R. Shah	11 46 006	5.79%	11 46 006	5.79%

including 7.74 % shares held as Karta

(Amount ₹ in lacs)

Note 4: RESERVES & SURPLUS	As at March 31, 2016	As at March 31, 2015
i) **Capital Reserve:**	21,394.43	0.01
As per last balance sheet	0.01	0.01
Add: During the year (Refer note No. 42)	21,394.43	0.00
Closing balance	**21,394.44**	**0.01**
ii) **Security Premium Reserve:**	502.61	502.61
	502.61	**502.61**
iii) **Debenture Redemption Reserve:**	6,000.00	6,000.00
	6,000.00	**6,000.00**
iv) **Surplus / (Deficit) in Statement of Profit & Loss:**		
As per Last Balance Sheet	(79,958.08)	(65,803.81)
Transitional effect of Depreciation	0.00	(106.87)
Profit / (Loss) during the year	12,093.94	(14,047.40)
	(67,864.14)	**(79,958.08)**
Total (i)+(ii)+(iii)+(iv)	**(39,967.09)**	**(73,455.46)**

(Amount ₹ in lacs)

Note 5: LONG TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
(A) **SECURED :**		
I) **Debentures**		
- Non Convertible Debentures	2,708.33	3,958.33
II) **Term Loans**		
a) **From Banks**		
- Rupee Term Loan	324.04	1,485.40
- Funded Interest Term Loan	413.37	4,931.51
- Working Capital Term Loan	242.67	985.99
b) **From Financial Institutions**		
- Rupee Term Loan	16,808.76	4,722.59
- Funded Interest Term Loan	1,622.75	1,754.69
- Working Capital Term Loan	1,328.42	6,097.32
	23,448.34	**23,935.83**
(B) **UNSECURED:**		
Inter Corporate Deposits		
From Related Parties	26.00	752.00
From Others	164.00	164.00
Loans & Advances from related parties		
- From Director	367.73	584.73
	557.73	**1,500.73**
Total	**24,006.07**	**25,436.56**

(A) SECURED :

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

I) Non Convertible Debentures

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

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

Maturity profile of Non Convertible Debentures are as set out below : **(Amount ₹ in lacs)**

Financial Year	Rate of Interest		
	9%	10%	Total
2017-18	250.00	1,000.00	1,250.00
2018-19	250.00	1,000.00	1,250.00
2019-20	41.67	166.66	208.33
Total	**541.67**	**2166.66**	**2708.33**

b) Period and Amount of default as on the Balance sheet **(Amount ₹ in lacs)**

Particulars	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
2011-12	1,041.67	1460-1736 days	818.90	1460-1797 days
2012-13	1,250.00	1095-1370 days	980.00	1095-1431 days
2013-14	1,250.00	730-1005 days	980.00	730-1066 days
2014-15	1,250.00	365-640 days	890.00	365-700 days
2015-16	1,250.00	1-270 days	892.44	1-335 days
Total	**6041.67**		**4,561.34**	

II) Term Loan from Bank / Financial Institution:

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

Term Loan is repayable in equal monthly installment starting from June 2011 till May 2020.

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

Particulars	2017-18	2018-19	2019-20	2020-21
Rupee term Loan from Bank	149.56	149.56	24.93	0.00
Term Loans from Financial Institution	1,450.97	1,512.97	7,202.83	6,642.00
Working Capital Term Loan from Bank	112.00	112.00	18.67	0.00
Working Capital Term Loan from Financial Institution	613.12	613.12	102.19	0.00
Funded Interest Term Loan from Bank	275.58	137.79	0.00	0.00
Funded Interest Term Loan from Financial Institution	1,081.83	540.92	0.00	0.00
Total	**3,683.06**	**3,066.36**	**7,348.62**	**6,642.00**

As per the terms of CDR Company has provided interest onTerm Loan @10 % except LIC of India @8.75 %,on Working Capital Term Loan @10 % and on Funded Interest Term Loan @6 %

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

The company has made a default in repayment as follows:

Particulars	Period to which default relates	Default in repayment of principal	Period of default	Default in payment of interest	Period of default
Rupee term Loan from Bank	2011-12	1,121.10	1460-1736 days	637.46	1460-1797 days
	2012-13	1,350.27	1095-1370 days	859.41	1095-1431 days
	2013-14	834.51	730-1005 days	749.58	730-1066 days
	2014-15	469.07	365-640 days	422.90	365-700 days
	2015-16	149.56	1-270 days	351.29	1-335 days
Term Loans from Financial Institution	2011-12	66.96	1460-1736 days	0.00	1460-1797 days
	2012-13	80.35	1095-1370 days	56.24	1095-1431 days
	2013-14	466.02	730-1005 days	56.24	730-1066 days
	2014-15	831.45	365-640 days	56.24	365-700 days
	2015-16	1,150.97	1-270 days	56.40	1-335 days
Working Capital Term Loan from Bank	2011-12	604.26	1460-1736 days	581.68	1460-1797 days
	2012-13	725.12	1095-1370 days	580.09	1095-1431 days
	2013-14	621.68	730-1005 days	580.09	730-1066 days
	2014-15	311.37	365-640 days	249.09	365-700 days
	2015-16	112.00	1-270 days	176.10	1-335 days
Working Capital Term Loan from	2013-14	103.44	730-1006 days	0.00	
Financial Institution	2014-15	413.75	365-640 days	0.00	
	2015-16	613.12	1-270 days	0.00	
Funded Interest Term Loan from Bank &	2010-11	0.00		354.90	1826-2070 days
Financial Institution	2011-12	0.00		468.18	1461-1704 days
	2012-13	0.00		519.57	1096-1339 days
	2013-14	678.71	730-821 days	463.74	730-1066 days
	2014-15	1,357.41	365-455 days	332.09	365-700 days
	2015-16	1,357.41	1-270 days	309.28	1-335 days
Total		**13,418.53**		**7,860.59**	

(B) UNSECURED :

Deposits:

The company has taken inter corporate deposit during the year from three related parties as mentioned herewith: SAL Care Pvt ltd of ₹ 8,10,00,000/- SAL Corporation Pvt. Ltd ₹ 26,00,000/- and SAL Hospital & Medical Institute ₹ 1,06,00,000/- .This party is covered under the register maintained under section 189 of the Companies Act , 2013.

(Amount ₹ in lacs)

Note 6: OTHER LONG TERM LIABILITIES	As at March 31, 2016	As at March 31, 2015
Security Trade Deposits	35.00	964.59
Total	**35.00**	**964.59**

(Amount ₹ in lacs)

Note 7: LONG TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	117.06	130.34
Total	**117.06**	**130.34**

(Amount ₹ in lacs)

Note 8 : SHORT TERM BORROWINGS	As at March 31, 2016	As at March 31, 2015
SECURED		
Loans repayable on Demand		
- Cash Credit Facilities		
From Banks	946.36	5,463.81
From Financial Institution	12,115.13	26,234.20
Total	**13,061.49**	**31,698.01**

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

Cash Credit Facilities

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

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

Particulars	*Period to which default relates capital facilities*	*Default in payment of interest on working capital facilities*	*Period of default*
Interest on Working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days
Total		**6,946.00**	

(Amount ₹ in lacs)

Note 9 : Trade Payables	As at March 31, 2016	As at March 31, 2015
Due to Micro, Small and Medium Enterprises *	0.00	0.00
Other than Micro, Small and Medium Enterprises	7,316.24	5,997.72
Total	**7,316.24**	**5,997.72**

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

Sundry Creditors includes dues to Associate concerns in which director of the Company are interested:

	As at March 31, 2016	As at March 31, 2015
- SAL Steel Limited	3,210.29	0.00
- SAL Hospital & Medical Institute (A Division of SAL Care Pvt Ltd.)	27.15	27.15
- SAL Pharmacy (A Division of SAL Corporation Pvt. Ltd.)	8.52	8.52

(Amount ₹ in lacs)

Note 10: OTHER CURRENT LIABILITIES	As at March 31, 2016	As at March 31, 2015
(a) Current Maturities of Long Term Debts		
- Non Convertible Debentures	1,250.00	1,250.00
- Term Loan from Banks	149.56	469.07
- Working Capital Term Loan from Banks	112.00	311.37
- Working Capital Term Loan from Financial Institutions	613.12	1,925.47
- Term Loan from Financial Institutions	1,350.97	1,491.34
- Funded Interest Term Loan from Bank	275.58	1,972.60
- Funded Interest Term Loan from Financial Institutions	1,081.83	701.88
	4,833.06	**8,121.73**
(b) Interest accrued & due on Borrowings	15,521.75	32,252.59
	15,521.75	**32,252.59**
(c) Income received in Advance	168.66	117.27
(d) Unpaid Matured Debentures & Interest Accrued thereon		
- Matured Non Convertible Debentures	6,041.67	4,791.67
- Interest Accrued on Matured Non Convertible Debentures	7,213.18	6,320.74
	13,254.85	**11,112.41**
(e) Unpaid Foreign Currency Convertible Bonds #		
- Foreign Currency Convertible Bond (FCCB)	4,882.05	4,882.05
Add: Premium Payable on FCCB	2,355.83	2,355.83
	7,237.88	**7,237.88**
(f) Other Payables		
- Term Loan from Bank	722.86	1,922.69
- Working Capital Term Loan from Banks	541.33	1,193.57
- Working Capital Term Loan from Financial Institution	2,963.39	7,380.97
- Term Loan from Financial Institution	5,797.38	5,826.62
- Funded Interest Term Loan from Bank	688.95	2,958.90
- Funded Interest Term Loan from Financial Institution	2,704.58	1,052.81
- Statutory Dues Payable*	402.28	409.00
- Deferred Sales Tax Liability	497.99	671.99
- Unpaid Expenses	306.55	420.71
	14,625.31	**21,837.26**
Total	**55,641.51**	**80,679.14**

The Company, in September 2006, has raised US $ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in September, 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of ₹ 10 each at a premium of ₹ 165 per share , at the option of the Bondholders at any time before the maturity of the bonds. On Conversion, Capital will increase by ₹ 2,64,11,430 and Share Premium by ₹ 43,57,88,570/-. If Bonds are not converted, the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium till September, 2011 which has been adjusted against Security Premium in accordance with Section 52 of Companies Act, 2013.

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

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

(Amount ₹ in lacs)

Note 11: SHORT TERM PROVISIONS	As at March 31, 2016	As at March 31, 2015
Provision for Employee Benefits		
- Gratuity	36.00	25.80
- Leave Encashment	54.12	54.12
- Others*	360.53	334.07
Others		
- Provision for Wealth Tax	0.00	0.18
Total	**450.65**	**414.17**

* It includes bonus & other incentives to employees

Note 12: FIXED ASSETS
Tangible Assets :

(Amount ₹ in lacs)

Particulars	Freehold Land	Factory Building	Office/ Residential Building	Plant and Machinery	Laboratory Equipments	Vehicles	Office Equipments	Furniture & Fixtures	TOTAL
As at 1st April 2014	422.82	2,276.72	326.92	51,672.69	49.17	403.53	210.23	197.24	55,559.32
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	**0.00**
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	12.47	0.00	0.00	12.47
As at 31st March 2015	**422.82**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**391.06**	**210.23**	**197.24**	**55,546.85**
Addition	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2016	**422.82**	**2,276.72**	**326.92**	**51,672.69**	**49.17**	**391.06**	**210.23**	**197.24**	**55,546.85**
Depreciation									
As at 1st April 2014	0.00	806.96	33.24	32,498.80	43.91	358.06	141.13	119.18	34,001.28
Charge for the year	0.00	105.92	5.16	3,786.49	0.00	16.03	0.00	24.91	3,938.51
Disposal / Adjustments	0.00	19.06	0.00	0.00	2.80	(2.69)	58.58	18.80	96.56
As at 31st March 2015	**0.00**	**931.94**	**38.40**	**36,285.29**	**46.71**	**371.40**	**199.71**	**162.90**	**38,036.35**
Charge for the year	0.00	85.62	5.16	1,714.91	0.00	0.10	0.00	10.29	1,816.08
Disposal / Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2016	**0.00**	**1,017.56**	**43.56**	**38,000.20**	**46.71**	**371.50**	**199.71**	**173.19**	**39,852.43**
Net Block									
As at 31st March 2015	**422.82**	**1,344.78**	**288.52**	**15,387.40**	**2.46**	**19.66**	**10.52**	**34.34**	**17,510.50**
As at 31st March 2016	**422.82**	**1,259.16**	**283.36**	**13,672.49**	**2.46**	**19.56**	**10.52**	**24.05**	**15,694.42**

Capital work-in-progess	31.03.2016	31.03.2015
Plant & Machinery (Refer Note No 40)	900.50	1,259.00
Total	**900.50**	**1,259.00**

Notes:

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

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

(Amount ₹ in lacs)

Note 13: NON CURRENT INVESTMENTS	As at March 31, 2016	As at March 31, 2015
Trade Investments		
Quoted		
Investment in Equity instruments of Associate Company	3,994.96	3,994.96
3,02,56,989 Equity shares of Face value ₹ 10/- each in SAL Steel Limited (P.Y: 3,02,56,989 Equity shares)		
Less : Provision for Diminution in value of Investment (Refer note No 38)	3,120.54	3,465.47
Less : Share of Loss from Associate	874.42	529.49
Total	**0.00**	**0.00**

Aggregate amount of Quoted Investment and Market Value ₹ 874.42 lacs (P.Y. ₹ 529.49 lacs)

(Amount ₹ in lacs)

Note 14: LONG-TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Security Deposits	227.02	226.72
Total	**227.02**	**226.72**

(Amount ₹ in lacs)

Note 15: DEFERRED TAX ASSETS (NET)	As at March 31, 2016	As at March 31, 2015
Deferred tax assets		
Unabsorbed Depreciation and Business Loss	27,303.29	26,368.33
On account of disallowances under the Income tax act, 1961	10,215.83	17,828.78
Gross deferred tax asset (A)	**37,519.12**	**44,197.11**
Deferred tax liabilities		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	2,703.41	2,905.81
Gross deferred tax liability (B)	**2,703.41**	**2,905.81**
Net Deferred Tax (A-B)	**34,815.71**	**41,291.30**

(Amount ₹ in lacs)

Note 16: INVENTORIES (valued at lower of cost or net realizable value)	As at March 31, 2016	As at March 31, 2015
(Inventories are taken, valued and certified by the management)		
Raw Materials		
i) In stock	419.78	365.53
ii) In Transit	24.08	94.15
Work in Progress	834.44	438.53
Finished Goods	3,295.09	3,474.12
Stores & spares	3,669.84	3,804.97
Total	**8,243.23**	**8,177.30**

(Amount ₹ in lacs)

Note 17: TRADE RECEIVABLES	As at March 31, 2016	As at March 31, 2015
Unsecured considered good		
Trade Receivable outstanding for more than six months from the date they became due for payments	97.18	380.55
Others	896.36	1,137.82
Doubtful	162.20	98.58
Total	1,155.74	1,616.95
Less: Provision for claim / Doubtful debts	162.20	98.58
Total	**993.54**	**1,518.37**

Sundry Debtors include dues from Associate concerns:	2015-16 Amount	2014-15 Amount
- SAL College of Engineering (A Division of Adarsh Foundation)	8.72	8.72
- SAL Institute of Pharmacy (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institute of Managament (A Division of Adarsh Foundation)	2.06	2.06
- SAL Institiute of Technical & Engineering Research (A Division of Adarsh Foundation)	11.66	11.66

(Amount ₹ in lacs)

Note 18: CASH AND BANK BALANCES	As at March 31, 2016	As at March 31, 2015
a) Balance with Banks :		
- In Current accounts	285.22	59.76
b) Cash on hand	9.78	8.04
c) Other bank balances:		
- In Margin Money *	10.41	32.24
Total	**305.41**	**100.04**

* Margin Money deposits with a carrying amount of ₹ 10.41 lacs (P.Y.: ₹ 32.24 lacs) are given as margin against bank guarantee

(Amount ₹ in lacs)

Note 19: SHORT TERM LOANS AND ADVANCES (Unsecured considered good, unless otherwise stated)	As at March 31, 2016	As at March 31, 2015
Loans & advances to related parties		
- Intercorporate Loan	0.00	603.78
Others		
Advances to suppliers	527.98	726.52
Balances with government authorities	745.02	2,272.16
Prepaid expenses	29.08	6.32
Deposits	0.00	0.97
Other Loans and Advance*	158.77	150.74
Total	**1,460.85**	**3,760.49**

* Includes Loan & advances given to Employees

(Amount ₹ in lacs)

Note 20: OTHER CURRENT ASSETS	As At March 31, 2016	As At March 31, 2015
Interest Accrued		
- On Deposits	0.00	1.10
Total	**0.00**	**1.10**

(Amount ₹ in lacs)

Note 21: CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)	As At March 31, 2016	As At March 31, 2015
Contingent Liabilities		
(a) Claims against the company not acknowledged as debts		
- Claim by Parties	29,495.98	29,081.67
- Banks / Financial Institution	54,068.74	0.00
(b) Guarantees		
- Corporate guarantee given to consortium Banks for SAL Steel Ltd.	20,750.00	20,750.00
- Bank guarantee given	17.98	38.00
(c) Other money for which the company is contingently liable		
- Disputed Income Tax /VAT/ Excise / Service tax Demand	3,613.76	1,588.63
(d) Commitement		
Estimated amount of contracts, remaining to be executed on capital account and not provided for ₹. 186.16 lac net of advance (Previous Year : ₹ 788.79 lac).		

(Amount ₹ in lacs)

Note 22: REVENUES FROM OPERATION	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
I . Sale of Products		
Manufactured Goods		
- Domestic	28,924.20	28,450.42
- Export	0.00	500.82
	28,924.20	**28,951.24**
II. Sale of service		
- Job work	0.00	8.57
- Manpower Services	300.00	300.00
	300.00	**308.57**
III. Other Operating Revenues		
- Export incentive	0.00	10.36
	0.00	**10.36**
Total	**29,224.20**	**29,270.17**

(Amount ₹ in lacs)

Note22.1: Particulars of Sale of Products	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Sales of Iron & Steel		
Bars ,Beams , Flats	909.27	1,135.39
Plate & Coil	13,788.93	25,867.65
Slab, Billets etc	14,226.00	1,948.20
Total	**28,924.20**	**28,951.24**

(Amount ₹ in lacs)

Note 23: OTHER INCOMES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Interest Income	21.35	10.73
Miscellaneous Income	0.00	0.20
Foreign Exchange Fluctuation Gain (Net)	105.84	10.32
Other Non operating income		
Sundry Balances Written off (Net)	9.25	423.49
Total	**136.44**	**444.74**

(Amount ₹ in lacs)

Note 24: COST OF MATERIAL CONSUMED	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Opening Stock	459.68	1,889.71
Purchases	19,250.02	16,339.53
	19,709.70	18,229.24
Less :Closing Stock	443.86	459.68
Total	**19,265.84**	**17,769.56**

(Amount ₹ in lacs)

Note 25: CHANGES IN THE INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS & STOCK-IN-TRADE.	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
A) Opening Stocks		
- Finished Goods	3,474.12	3,212.16
- Work in process	438.53	1,575.08
- Stock in Trade	-	-
Sub-Total (A)	**3,912.65**	**4,787.24**
B) Less: Closing Stocks		
- Finished Goods	3,295.09	3,474.12
- Work in process	834.44	438.53
- Stock in Trade	-	-
Sub-Total (B)	**4,129.53**	**3,912.65**
Total (A)-(B)	**(216.88)**	**874.59**

(Amount ₹ in lacs)

Note 26: EMPLOYEES BENEFIT EXPENSES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Salaries & Wages	1155.86	1468.15
Contribution to Provident & Other Funds	39.18	45.21
Staff Welfare Expenses	15.09	26.12
Total	**1210.13**	**1539.48**

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

Defined Contribution Plan

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

Particulars	2015-16	2014-15
Employer's Contribution to Provident Fund	38.85	44.88
Contribution for Key Managerial Person	0.33	0.33
	39.18	45.21

Defined Benefit Plan

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

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

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening defined benefit obligation	156.15	143.98
Excess / Short provision	0.00	4.80
Service cost	18.91	18.81
Interest cost	11.17	12.09
Actuarial (Gain) / Loss	(26.16)	(6.35)
Benefits paid	(7.00)	(17.19)
Closing defined benefit obligation	**153.07**	**156.14**

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

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Opening fair value of plan assets Expected return Actuarial Gain / (Loss) Employer contribution Benefits paid Closing fair value of plan assets	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded

III. Reconciliation of fair value of assets and obligation

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Fair value of plan assets Present value of obligation Amount recognised in balance sheet	Not applicable as Gratuity Liability is unfunded	Not applicable as Gratuity Liability is unfunded

IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '26') **(Amount ₹ in lacs)**

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Service cost	18.91	18.81
Interest cost	11.17	12.09
Expected return on plan assets	0.00	0.00
Actuarial (Gain) / Loss	(26.16)	(6.35)
Prior year Charge	0.00	4.80
Net cost included in 'Employee Benefit Expense'	3.92	29.36

V. Investment Details

Particulars	% invested	
	2015-16 (%)	2014-15 (%)
Public sector securities Special deposit schemes State Govt. securities FDR with banks Balance with banks Total	Not applicable as Gratuity Liability is not funded	Not applicable as Gratuity Liability is not funded

VI. Actuarial Assumptions

Particulars	Gratuity (Unfunded)	
	2015-16	2014-15
Discount rate (per annum)	7.90%	7.80%
Expected rate of return on plan assets (per annum)	N.A	N.A
Rate of escalation in salary (per annum)	7.00%	7.00%

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

Gratuity (Unfunded)	31.03.2016 Amount	31.03.2015 Amount	31.03.2014 Amount	31.03.2013 Amount	31.03.2012 Amount
Defined Benefit obligation	153.07	156.15	143.98	176.03	184.33
Plan asset	0.00	0.00	0.00	0.00	0.00
Surplus/(deficit)	(153.07)	(156.15)	(143.98)	(176.03)	(184.33)
Experience adjustment on plan liability	(27.67)	(23.87)	(8.76)	(27.10)	(30.25)
Acturial Loss / (Gain) due to change in assumptions.	1.51	17.52	(13.51)	0.00	0.00
Experience adjustment on plan assets	0.00	0.00	0.00	0.00	0.00

VIII Expected Employer's Contribution for the financial year

On the basis of previous year's trend company is expecting to contribute the same amount as in 2015-16 to the defined contribution plan.However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

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

(Amount ₹ in lacs)

Note 27: FINANCE COSTS	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
(a) Term loans		
- From Banks	836.67	2,857.09
- From Financial institution	56.40	56.24
(b) Working capital facilities	516.19	3,115.16
(c) Debentures	892.44	980.00
(d) Others	11.86	28.08
Total	**2,313.56**	**6,946.57**

(Amount ₹ in lacs)

Note 28: OTHER EXPENSES	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Consumption of stores & spare parts	2,065.03	4,046.13
Power & fuel	4,256.55	4,391.31
Factory Labour expense	383.11	705.31
Provision for Excise Duty on finished goods	(24.68)	25.57
Factory Expenses	82.07	91.08
Repairs and maintenance :		
- to Factory Building	7.67	9.99
- to Plant & Machinery	27.77	61.98
- to Others	19.57	25.25
	55.01	**97.22**
Donation	0.15	0.13
Sales Tax expenses	108.98	68.98
Selling costs	59.55	40.76
Packing Cost	1.51	21.71
Freight outward expenses	373.52	171.93
Travelling & conveyance	40.30	55.51
Legal, Consultancy and Professional Fees	45.32	61.47
Miscellaneous expenses	47.00	32.37
Advertisement, Stationery and Communication	22.07	30.08
Payment to Auditors #	10.47	10.01
Rent	11.40	11.40
Rates and Taxes	16.25	10.87
Insurance	12.72	14.40
Bank Charges	15.60	24.55
Provision for Bad debt	63.62	0.00
Total	**7,645.55**	**9,910.79**

(Amount ₹ in lacs)

# Payment to Auditors :	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
As Auditor		
- Statutory Audit	7.50	7.50
For other services	2.10	2.00
For Reimbursement of Expenses	0.87	0.51
Total	**10.47**	**10.01**

(Amount ₹ in lacs)

Note 29: EARNING PER SHARE	Unit	For the Year ended on 31st March 2016	For the Year ended on 31st March 2015
Net profit / (Loss) for the year attributable to Equity Shareholders before extraordinary item.	₹ in lacs	(12,617.91)	(10,009.10)
Net profit / (Loss) for the year attributable to Equity Shareholders after extraordinary item.	₹ in lacs	12,093.94	(14,047.40)
Weighted Average Number of Equity Shares outstanding	Nos.	1 97 97 540	1 97 97 540
Basic & Diluted earnings per share before extraordinary item (face value of ₹ 10 each)	₹	(63.73)	(50.56)
Basic & Diluted earnings per share after extraordinary item (face value of ₹ 10 each)	₹	61.09	(70.96)

Note 30: INFORMATION REGARDING STOCK

a) Capacity (As Certified by Management)

Class of products	Annual Licensed capacity (MT)		Annual Installed Casting (MT)	
	2015-16	2014-15	2015-16	2014-15
S.S.Flats, Bars & Castings, Hot Rolled M.S./S.S/A.S Plates , H.R. / C.R.Coil	**N.A**	**N.A**	3 00 000	3 00 000

b) Production:

Class of products	2015-16 Qty. (MT)	2014-15 Qty. (MT)
1. Finished Goods		
(a) Bars, Beams, Flats	630.024	1 058.930
(b) Plate & Coil	38 105.827	51 019.070
2. Semi-Finished Goods		
Slab, Billets, etc	50 126.903	2 685.094
TOTAL	**88 862.754**	**54 763.094**

c) Turnover (Exluding Trading Turnover)

Class of Goods	2015-16		2014-15	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods				
(a) Bars ,Beams , Flats	2 433.975	909.27	1 892.760	1135.39
(b) Plate & Coil	39 173.284	13788.93	47 316.701	25867.65
2. Semi-Finished Goods				
Slab, Billets etc	48 878.465	14226.00	5 292.585	1948.20
TOTAL	**90 485.724**	**28924.20**	**54 502.046**	**28951.24**

d) Opening and Closing Stock

Class of Goods	Opening Stock				Closing Stock			
	As at 01-04-2015		As at 01-04-2014		As at 31-03-2016		As at 31-03-2015	
	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)	Quantity (MT)	Amount (₹in Lacs)
1. Finished Goods								
(a) Bars ,Beams , Flats	151.909	59.74	985.739	442.77	1 199.842	321.73	151.909	59.74
(b) Plate & Coil	8 984.770	3044.43	5 282.401	2425.01	7 957.463	2628.10	8 984.770	3044.43
(c) Excise Duty on Finished Goods		369.95		344.38		345.27		369.95
2. Semi-Finished Goods								
Slab, Billets etc	1 491.356	438.53	4 098.847	1575.08	2 739.794	834.43	1 491.356	438.53
TOTAL	**10 628.035**	**3912.65**	**10 366.987**	**4787.24**	**11 897.099**	**4129.53**	**10 628.035**	**3912.65**

Note 30: INFORMATION REGARDING STOCK (Contd...)

e) Consumption of Raw materials:

Particulars	2015-16		2014-15	
	Quantity (MT)	Amount (₹ in Lacs)	Quantity (MT)	Amount (₹in Lacs)
Scrap	84,211.890	12,990.69	58,873.931	12,784.00
Ferro Chrome	929.363	516.78	2,945.107	1,906.83
M.S.Slab	19,862.703	4,850.37	0.000	0.00
Others	1,879.616	908.00	4,225.181	3,078.73
TOTAL	**106,883.572**	**19,265.84**	**66,044.219**	**17,769.56**

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

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Raw Materials	6,410.34	147.83
Stores & Spares	11.69	12.50

g) Expenditure in foreign currency during the financial year

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
Travelling Expenses	0	1.71
Commission on Export Sales.	0	1.79

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

Particulars	2015-16		2014-15	
	Amount (₹ in Lacs)	% of consumption	Amount (₹ in Lacs)	% of consumption
Raw Material-Manufacturing Activity				
Imported	7,228.75	37.52%	1,337.04	7.52%
Indigenous	12,037.09	62.48%	16,432.52	92.48%
Total	**19,265.84**	**100.00%**	**17,769.56**	**100.00%**
Stores & Spare parts				
Imported	13.53	0.66%	14.61	0.36%
Indigenous	2,051.50	99.34%	4,031.52	99.64%
Total	**2,065.03**	**100.00%**	**4,046.13**	**100.00%**

i) Earning in Foreign Exchange:

(Amount ₹ in Lacs)

Particulars	2015-16	2014-15
FOB Value of exports	0	461.65

Note 31: RELATED PARTY DISCLOSURES

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

i) Concern where significant interest exists.

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

ii) Key Management Personnel and Relatives

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

iii) Disclosure of Related Party Transactions

(Amount ₹ in Lacs)

Sr. no	Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
		2015-16	2014-15	2015-16	2014-15
1	Purchase of goods & Services	5750.69	3474.85		
2	Purchase of Power	2868.71	2019.41		
3	Sales of Goods	105.13	409.51		
4	Manpower Charges Recovered	300.00	300.00		
4	Rent paid	9.60	9.60		
5	Loan Availed	942.00	430.00		
6	Loan Repaid	1885.00	575.00		
7	Intercorporate Loan Recoved	603.78	7396.22		
8	Remuneration			49.68	44.88

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

					Balance outstanding as at	
Sr.No.	**Description**	**Related Parties**	**2015-16**	**2014-15**	**3/31/2016**	**3/31/2015**
1	Purchase of Goods & Services	SAL Steel Ltd	5,750.69	3,471.01	3,210.29	0.00
		SAL Pharmacy	0.00	3.34	8.52	8.52
		SAL Hospital & Medical Institute	0.00	0.50	27.15	27.15
2	Purchase of power	SAL Steel Ltd	2,868.71	2,019.41		
3	Sales of goods	SAL Steel Ltd	105.13	407.78		
		SAL Hospital & Medical Institute	0.00	1.73		
4	Manpower Charges Recoverd	SAL Institute of Technical & Engineering Research	142.80	142.80	11.66	11.66
		SAL Institute of Pharmacy	25.20	25.20	2.06	2.06
		SAL Institute of Management	25.20	25.20	2.06	2.06
		SAL College of Engineering	106.80	106.80	8.72	8.72
5	Rent paid	SAL Steel Ltd	9.60	9.60		
6	Remuneration to	Mr. K S Kamath	12.92	12.92		
	Key Management Personnel	Mr. Ashok Sharma	12.00	12.00		
		Mr. Yashpal Mehta	9.76	9.76		
		Mr. Vinod Shah	15.00	10.20		
7	Loan Availed	SAL Care Pvt Ltd.	810.00	430.00	0.00	752.00
		SAL Corporation Pvt. Ltd.	26.00	0.00	26.00	0.00
		SAL Hospital & Medical Institute	106.00	0.00	0.00	0.00
		Mr. Rajendra V Shah	0.00	0.00	367.73	584.73
8	Loan Repaid	SAL Care Pvt Ltd.	1,562.00	575.00		
		Mr. Rajendra V Shah	217.00	0.00		
		SAL Hospital & Medical Institute	106.00	0.00		
9	Intercorporate Loan Recoved	SAL Steel Ltd	603.78	7,396.22	0.00	603.78

32. 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.

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

(a) Deferring repayment of Term loan ₹ 15,605.13 lacs Working capital term loan ₹ 17,782.65 lacs and Non Convertible Debentures ₹ 10,000.00 lacs for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and end on May 2019.

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

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹ in lacs)*	*Period for which the default subsists*
Term Loan	2011-12	1,188.05	1460-1736 days
	2012-13	1,430.61	1095-1370 days
	2013-14	1,300.52	730-1005 days
	2014-15	1,300.52	365-640 days
	2015-16	1,300.52	1-270 days
Working Capital Term Loan	2011-12	604.26	1460-1736 days
	2012-13	725.12	1095-1370 days
	2013-14	725.12	730-1005 days
	2014-15	725.12	365-640 days
	2015-16	725.12	1-270 days
Non Convertible Debenture	2011-12	1,041.67	1460-1736 days
	2012-13	1,250.00	1095-1370 days
	2013-14	1,250.00	730-1005 days
	2014-15	12,50.00	365-640 days
	2015-16	1,250.00	1-270 days
Funded Interest Term Loan (FITL)	2013-14	678.70	730-821 days
	2014-15	1,357.41	365-455 days
	2015-16	1,357.41	1-270 days

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

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹ in lacs)*	*Period for which the default subsists*
Interest on Term Loan	2011-12	637.46	1095-1431 days
	2012-13	915.65	1095-1431 days
	2013-14	805.82	730-1066 days
	2014-15	479.14	365-700 days
	2015-16	407.69	1-335 days
Interest on Working Capital Term Loan	2011-12	581.68	1095-1431 days
	2012-13	580.09	1095-1431 days
	2013-14	580.09	730-1066 days
	2014-15	249.09	365-700 days
	2015-16	176.10	1-335 days
Interest on Non Convertible Debenture	2011-12	818.90	1460-1797 days
	2012-13	980.00	1095-1431 days
	2013-14	980.00	730-1066 days
	2014-15	890.00	365-700 days
	2015-16	892.44	1-335 days

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹ in lacs)*	*Period for which the default subsists*
Interest on Funded Interest Term Loan(FITL)	2010-11	354.90	1826-2070 days
	2011-12	468.18	1461-1704 days
	2012-13	519.57	1096-1339 days
	2013-14	463.74	730-1066 days
	2014-15	332.09	365-700 days
	2015-16	309.28	1-335 days

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

Particulars	*Period to which the default relates*	*Default (Amount in ₹)*	*Period for which the default subsists*
Interest on working capital facilities	2010-11	1,228.80	1826-2100 days
	2011-12	1,439.15	1461-1734 days
	2012-13	1,435.22	1096-1369 days
	2013-14	1,575.37	730-1066 days
	2014-15	751.27	365-700 days
	2015-16	516.19	1-335 days

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

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

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

Name of Bank	Date of Loan Transferred	Name of Financial Institution
Karur Vysya Bank	31/12/2012	Asset Reconstruction Company (India) Ltd
IDBI Bank	28/03/2014	Asset Reconstruction Company (India) Ltd
Bank of Baroda	26/03/2014	Edelweiss Assets Reconstruction Company Ltd.
Oriental Bank of Commerce	04/08/2014	Edelweiss Assets Reconstruction Company Ltd.
Bank of Maharashtra	13/05/2015	Invent Assets Securitization & Reconstruction Pvt. Ltd.
Punjab National Bank	31/03/2016	Invent Assets Securitization & Reconstruction Pvt. Ltd.

Further the company has stopped making provision for interest on such borrowing from the date of transfer due to non execution of agreement with Asset Reconstruction Companies (ARC) and hence due to non availability of agreement with Asset Reconstruction Companies (ARC), the company has taken the CDR – 2 orders as base for classification of current / non-current liability and default of total borrowing.

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

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

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

38 The Holding Company has long term investment in the shares of SAL Steel Limited amounting to 3,994.96 lacs. Based on the audited financial statement of SAL Steel Limited as at 31st March, 2016, the Company has accumulated losses and its net worth has been fully eroded. The Financial results of SAL Steel Limited also 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. Also there is no major movement in the prices of stock in share market. As per AS 13, all such circumstances indicate that there is decline, other than temporary, in the value of a long term investment. And as a result, we have accounted for investment in shares of SAL Steel Ltd at

market rate of shares @ ₹ 2.89 per share reducing the value of investment to ₹ 8,74.43 lacs and provided for ₹ 3,120.54 lacs as diminution other than temporary in the value of investment in books of accounts. The balance amount of investment i.e. ₹ 874.42 lacs has been written off against its share of losses from the associate making the value of Investment to be zero as at 31st March, 2016.

39 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicate that the Company has net loss during the previous years and the Company's current liabilities exceed 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 ARC / 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. Further, post OTS, Company will reduce the interest burden drastically and will be optimistic about reducing of accumulated losses gradually.

40 Since last many years the company does not have internal accruals from the operations and as a result, management do not anticipate execution of its ongoing project of Cold Rolling Mill (CRM) Plant. Since the capital project is not anticipated to complete in future, we have provided for the impairment loss for the amount of ₹. 358.50 lacs 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.

41 Foreign currency exposure at the yearend not hedged by derivative instruments:

Particulars	As at 31st March 2016	As at 31st March 2015
Advance payment to suppliers		
₹ in lacs	293.23	158.17
US Dollar	4.42	2.21
AED	0	1.17
Receivables against export of goods		
₹ in lacs	0	27.81
US Dollar	0	0.44
Advance received from customers		
₹ in lacs	0	6.41
US Dollar	0	0.10
Euro	0	0
FCCB Payable (Including Interest)		
₹ in lacs	7,237.88	7,237.88
US Dollar	148.25	148.25

42 The company has entered into settlement agreement with effect from 15th June 2015 and 11th August 2015 for the entire dues in respect of the various facilities and assistance provided respectively by Union Bank of India and State bank of India which is now assigned to Invent Assets Securitization & Reconstruction Private Limited. The Company has accounted for the Principal Portion of Waiver of loan facilities as Capital Reserve and Waiver of interest as Income which has been offered in the Statement of Profit and Loss.

The said agreements provides for the settlement of entire dues in respect of financial assistance and facilities with the underlying securities for the payment of ₹ 14,615.00 lacs towards full and final settlement against the total liability (Principal and Interest) of ₹ 60,734.85 lacs resulting into the waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs.

Out of the said waiver of liability (Principal and Interest) for the amount of ₹ 46,119.85 lacs, the waiver of liability of Principal portion of ₹ 21,394.43 lacs has been shown as a capital Reserves in the Statement of Assets and Liabilities as at 31st March 2016 and waiver of interest liability for ₹ 24,725.42 lacs has been offered as an Income in the Statement of profit and Loss and has been shown as an Extra ordinary item in the Results for the period ended 31st March 2016.

43 The Holding Company's accumulated share of losses in the Associate since the date of being an Associate till March 31, 2015 exceeds its investment value in Shares of SAL Steel limited(Associate). Hence, Holding Company's Share of accumulated losses in the Associate completely reduces the Investment value and hence, adjustment of share of loss can be made to the carrying value of investment to the extent of the balance of Investment only in FY: 2015-16. This is in accordance with Accounting Standard 23 ," Accounting for Investment in Associates" which states that If Investors' share of losses in associate equals or exceeds the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.

44 Additional information pursuant to Schedule III to the Companies Act, 2013

Statement of Net assets and Profit or loss attributable to owners and minority interest.

	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
Name of the Entity	% of Consolidated Net Assets	Amount ₹ in lacs	% of Consolidated Profit and Loss	Amount ₹ in lacs
Associate Concern SAL Steel Limited	8.64	(3509.70)	30.09	(1024.44)

45 The Holding Company's share of losses in the Associate has been recognized in the books of accounts to the extent of the carrying amount of the value of Investment. This is in accordance with Accounting Standard 23 ," Accounting for Investment in Associates" which states that If Investors' share of losses in associate equals or exceeds the carrying amount of investment, the investor discontinues recognizing its share of further losses and investment is reported at nil value.

46 Associate Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in Iron & Steel Industry. Further the Company generates power in its power plant which is used for captive as well as trading purpose. In view of this, the associate 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".

47 As at the year end the Associate Company has accumulated losses and its net worth has been fully eroded. Their Financial results indicate that the Associate Company has a net loss during the current and previous year and their 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 Associate Company have been prepared on a going concern basis based on that the Associate Company is actively negotiating for settlement. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post settlement, the Company will reduce interest burden drastically and will be optimistic about reducing of accumulated losses gradually.

48 Secured Borrowings from the below mentioned banks of the Associate Company have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (Financial Institution) together with all their rights, title and interest in the financial documents and any underlined security interest / pledged and / or guarantees in respect of such loans.

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

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

49 During the year, the Associate Company has obtained technical valuation of their Capital work In Progress from the approved valuer and booked impairment loss of ₹ 31,70,24,474/- to the statement of Profit and Loss and shown as an extraordinary items.

50 Apart from this impairment loss booked by Associate Company, the Company has paid the capital advances for the amount of ₹9,41,22,080/- which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements. The machines are manufactured and ready for dispatch but company does not have further fund to pay balance amount and to lift the machines. However, the management is trying to recover such advances from the suppliers fully subject to provision of ₹ 1,69,32,523/- made in the books of accounts.

51 The Associate Company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 had registered the reference filed by the company vide case no 109/2015.

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

As per our report attached to the Balance Sheet

Signatures to Notes 1-52

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

As per our Report of even date

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 034834

Place : Ahmedabad
Date : May 30, 2016

For and on behalf of the Board
Shah Alloys Limited

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

Place : Santej
Date : May 30, 2016

SHAH ALLLOYS LIMITED

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

ATTENDANCE SLIP

DP ID*	**Folio**
Client ID*	**No. of Shares**

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the 26TH **ANNUAL GENERAL MEETING** of the Company held on Saturday, 24th September, 2016 at 11:30 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.

SHAH ALLLOYS LIMITED

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

Form No. MGT- 11

PROXY FORM

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

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

I/we, being the member(s) of _____ shares of SHAH ALLOYS Ltd, hereby appoint:

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

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

3) _____ of _____
having e-mail id _____

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 26th **ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 24th September, 2016 at 11:30 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, 2016
2	Reappointment of Shri Ashok A. Sharma as Director
3	Appointment of Talati & Talati as Statutory Auditor and fix their remuneration
4	Approval of Related Party transactions
5	Ratification of Remuneration of Cost Auditors

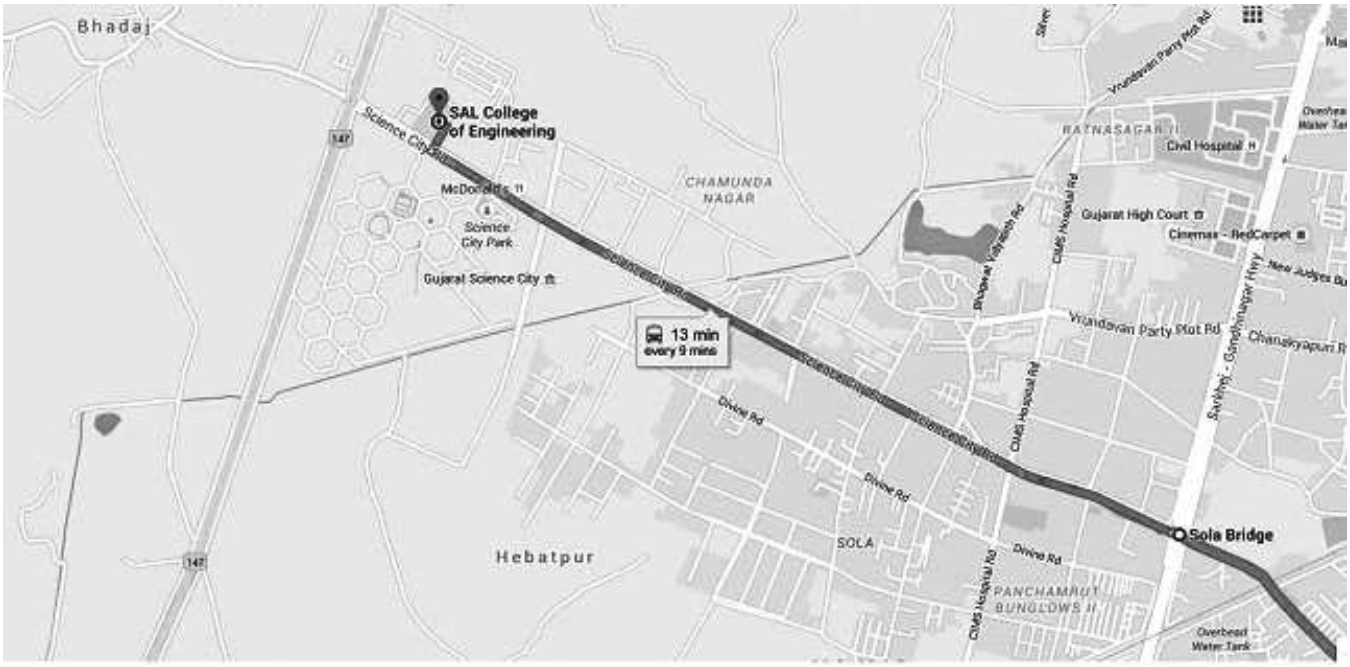
Affix Revenue Stamp

Signed this _____ day of _____ 2016.

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.

Route map to reach venue of the Annual General Meeting



www.shahalloys.com

Shah Alloys Limited

If undelivered please return to:

Corporate Office

Corporate House, Sola-kalol Road,
Santej - 382721, Ta.Kalol, Dist. Gandhinagar