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**BEFORE THE GUJARAT ELECTRICITY REGULATORY  
COMMISSION GANDHINAGAR**

Case No. \_\_\_\_\_ of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.

AND

SAL Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> Floor,  
Behind M.J Library, Ashram Road,  
Ahmedabad-06

**.....Petitioner**

AND

1. Paschim Gujarat Vij Company Limited
2. Uttar Gujarat Vij Company Limited.
3. Dakshin Gujarat Vij Company Limited.
4. Madhya Gujarat Vij Company Limited
5. Gujarat Urja Vikas Nigam Limited

**.....Respondents**

**The Petitioner above named most respectfully states as under:**

✓

The Petitioner above named M/s. SAL Steel Limited is a Company incorporated under the provisions of the Company Act, 1956 having its registered office at 5/1 Shreeji House, 5<sup>th</sup> Floor, Behind M.J Library, Ashram Road, Ahmedabad-06.

1. The Respondent No: 1 to 4 (hereinafter referred to as "DisComs") are Distribution Licensees in the State of Gujarat under within the meaning of Section- 2 (17) of the Electricity Act, 2003 and are undertaking Distribution and retail supply of electricity in different geographical region in the State.
2. The Respondent No: 5 (hereinafter referred to as 'GUVNL') is the holding company of Respondent No: 1 to 4 and undertaking purchase of power in bulk and supply to Respondent No: 1 to 4 for onward supply to retail consumers in the State.
3. The Petitioner is having manufacturing unit located at Village Bharapar, Taluka Gandhidham, District Kutch-Bhuj. The Petitioner is electricity consumers of Respondent No: 1 having contract demand of 3700 KVA supplied at 66 KV voltage level.
4. The petitioner submits that the above unit of the Petitioner is declared as 'Sick Unit' under the provisions of SICA ACT.
5. That by way of present petition, the Petitioner is seeking special tariff dispensation applicable not only in respect of the unit of the Petitioner but for all similarly placed sick units / industries in the State of Gujarat.
6. That in order to understand the scope and purpose of present petition, the Petitioner would like to refer relevant provisions of the Electricity Act 2003 (Act) and GERC (Multi Year Tariff) Regulations, 2016 as under, before making detailed submission.

Section - 62 of the Electricity Act, 2003 read as under:

62. (Determination of tariff): -- (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for -

- (a) supply of electricity by a generating company to a distribution licensee: Provided that the Appropriate Commission may, in case of shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;
- (b) transmission of electricity ;
- (c) wheeling of electricity;
- (d) retail sale of electricity:

7. That Regulation 10.2 of GERC (Multi Year Tariff) Regulations 2016 read as under:

*Notwithstanding anything contained in these Regulations, the Commission shall have the authority, either suo-motu or on a petition filed by any interested or affected party, to determine the tariff of any Applicant.*

8. That in term of the provisions of the Electricity Act, 2003 read with Regulations of Hon'ble Commission, this Hon'ble Commission is empowered to decide and approve the tariff dispensation to the specific class of consumers as sought in the present petition.

9. That in the given circumstances and facts as outlined hereinafter, the Petitioner, by way of present petition, is invoking jurisdiction of Hon'ble Commission requiring for special dispensation / relief in tariff applicable for sick units / industries in the State.

10. It is submitted that in the modern world, the industrial and commercial activities are the backbone of economy giving

large amount of employment and revenue to Government. In the present scenario of global recession coupled with economic slowdown, industries are passing through its toughest phase and facing challenges for its survival. In such scenario, it is difficult for the sick industries to compete in the market due to higher power cost as these industries are already facing financial crunch. In given situation, it is respectfully submitted that Hon'ble Commission should play its active role for deciding the special dispensation in tariff for sick units / industries for its revival and survival.

11. It is respectfully submitted that Electricity Act 2003 envisage crucial role to be played by this Hon'ble Commission and plenary powers are given to this Hon'ble Commission under the Act to safeguard interest of consumer like the Petitioner and similarly placed other consumers in the State by making available electricity at the commercially viable rate.
12. It is submitted that the industries in the State are passing through a crucial stage struggling for its survival on account of following amongst other reasons:
  - a. It is submitted that the State of Gujarat does not have natural resources and situated far from the States having.
  - b. The industrial tariff for power in the State of Gujarat is comparatively higher and therefore, they could not compete with large units situated in other States having availability of cheaper power.
  - c. That in last several years, the situation has further aggravated due to several other factors such as worldwide recession, dumping of material from China at cheaper rate, cheaper power rates in other States and thereby supply from such States to the State of Gujarat and other similar factors.

d. The combined effect of all these factors including increase in power cost of DisComs have affected the some industries severely making it completely unviable and sick. At this stage, such sick units cannot survive / revive if some supports, in terms of making available power at affordable rate, are not extended and remedial measures are not initiated on urgent basis.

13. At this stage, the sick industrial units cannot survive / revive if some supports, in terms of making available power at affordable rate, are not extended and remedial measures are not initiated on urgent basis.

14. It is respectfully submitted that there is urgent and utmost need to revive sick industries in the State by providing electricity to sick units at special rates. This would not only benefit to Respondents but also would be benefitted huge number of families who are directly or indirectly dependent on such industries. Revival of sick industries would help in job creation apart from increase in Tax / other income to the Government, increased revenue to DisComs in future and harmony in society etc.

15. In light of above background, the Petitioner crave leave to propose following for granting special tariff dispensation to sick units/ industries:

a. At the outset, the Petitioner would like to make it clear that the Petitioner and similarly placed other sick units / industries do not want any additional gain / concession at the cost of DisComs or do not want additional gain / concession at the cost of other consumers in the State.

b. It is respectfully submitted that in the existing retail tariff structure of the State, cross subsidies is imposed on the industrial consumers of electricity. By definition, the Cross Subsidies is the mechanism, whereby some consumers groups are charged at higher tariff as compared to the

cost of power supply to them. The additional revenue so generated from them is used to tide over revenue shortfall from other consumer groups who are charged lower tariff as compared to cost of supply to them. This means that certain categories of consumers who are having enough paying capacity such as industrial / commercial category of consumers are cross subsidizing the vulnerable section of society e.g. agricultural, BPL, residential consumers etc.

c. In case units / industries become sick, naturally they do not have enough paying capacity and therefore cannot be expected to cross subsidize other category of consumers on the ground of higher paying capacity. Thus, it is unjustified, unreasonable and illogical to impose cross subsidies on the sick industries who are otherwise struggling for its existence and do not have enough paying capacity to cross subsidize others section of society. As such, sick industries itself fall under vulnerable class requiring support from all sides for its revival and survival.

d. The amount of cross subsidies imposed on industrial category of consumers is quantified by Hon'ble Commission in the recent tariff order dated 31.03.2018 of DisComs (at Para - 8.3 of Chapter- 8 of Paschim Gujarat DisCom Order). The Para 8.3 of the order read as under:

### **8.3 Cross Subsidy Surcharge**

*The Cross Subsidy Surcharge is based on the formula given in the Tariff Policy as below:*

$$S = T - [C / (1 - L/100) + D + R]$$

*Where,*

- *T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation*
- *C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation*
- *D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level*
- *L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level*

- *R* is the per unit cost of carrying regulatory assets.

The Cross Subsidy Surcharge based on the above formula is worked out as shown in the Table below:

**Table 8.4: Cross Subsidy Surcharge for FY 2018-19**

Sr. No.	Particulars	Units	HT Industry
1	T	Rs/ kWh	7.34
2	C	Rs/ kWh	4.22
3	D	Paise/ kWh	14.61
4	L	%	10%
5	S (Cross Subsidy Surcharge)	Rs/ kWh	2.51

$$S = 7.34 - [4.22/(1-0.10) + (14.61/100) + 0] = 2.51$$

Thus, Cross subsidy surcharge as per Tariff Policy, 2016 works out to Rs. 2.51 /kWh for the four State owned Distribution companies viz. DGVCL, MGCVCL, PGVCL and UGVCL.,

- e. From the above, it can be seen that the power purchase coat of DisCom<sub>1</sub> is Rs. 4.22 per unit which also includes charges for transmission of power.
- f. The tariff of Rs. 7.34 per Unit is applicable to industrial consumers including sick industries as against cost of power purchase of Rs. 4.22 per unit. Here it is relevant to note that sick industries itself is financially vulnerable and cannot take burden of others when these industries itself struggling for their survival and requiring support from all sides.
- g. This situation is against the principle of natural justice and cannot be the objective of the Electricity Act, 2003.
- h. In the given circumstances when sick industries are struggling for its survival, as immediate measures, special dispensation may be provided for the sick industries to give relief in tariff atleast charging them at cost of power purchase.
- i. It is submitted that providing power to sick industries at maximum Rs. 4.40 per unit (including demand charges) as against actual tariff of Rs. 7.34 per unit would provide great relief to sick industries in the present situation and would ensure revival of sick industries.

j. On power exchange i.e. IEX average cost of energy per unit for the FY 2017-18 is Rs. 3.26 per unit. Therefore even if DisCom buy power from open access, they would earn by supplying power to sick industries at Rs. 4.40 per unit.

16. In the facts and circumstances of case, it would be prudent and reasonable to provide power supply to sick industries at maximum Rs. 4.40 per unit (including demand charges). If power is supplied to sick industries at these rates, there would not be any adverse financial implication to DisComs or for the other consumers in the State. On the other hand, the closing down of operations of sick industries due to unviable electricity tariff may result into (i) creation NPAs, (ii) hampering of infrastructure activities in the State as well as Nation due to loss of production (iii) loss of revenue to DisComs, (iv) loss of revenue to Government, (v) loss of direct / indirect employment.

17. In case, sick industries are supplied power supply at above rate, it would act as tonic and will economize the cost of production and ensure the revival of the industries.

18. The petitioner submits that taking into cognizance of the adverse impact on the economy of the State and society as a whole due to close down of sick units, even State Legislative Assembly is considering to grant special relief to the sick industries.

19. The petitioner would like to further submit that in order to prevent misuse of special tariff dispensation granted to the sick industries as sought hereinabove and to avoid any type ambiguity and for proper implementation of the provisions of special tariff dispensation. following criteria may be laid down to become eligible for special tariff dispensation by sick units:

a. The unit is having established in Gujarat for more than 10 years



- b. The unit should be operational condition
- c. The unit should have minimum turnover of Rs. 25 Crores
- d. The unit should have stood registered with BIFR or GBIFR under the cessation of SICA Act

OR

Should be an eligible unit as per Government of Gujarat's Industrial Policy for relief and concession to the viable sick industrial enterprise dated 11.09.2017.

- e. The net worth of unit should stand negative for last three years ending FY 2018
- f. The beneficiary unit will be entitled to get power only upto 30 MW from DisCom under special tariff dispensation.
- g. The special dispensation may be allowed for period of 7 years.

20. The Petitioner submits that providing special tariff dispensation to the sick units is in no way contrary to the provisions of Electricity Act 2003 in any manner, rather it would be in accordance with the provisions of Act/ Regulations.

21. The Petitioner crave leave to add, alter or amend this petition as and when necessary and to urge such other and further grounds at the time of hearing as may be necessary.

**1. Prayer:**

In the facts and circumstances of the case, it is the prayer of the Petitioner that:

- (a) Hon'ble Commission may please to take on record the above petition,

- (b) Hon'ble Commission may please to grant the opportunity of being heard to the petitioner,
- (c) Hon'ble Commission may please to approve special dispensation in the tariff for sick industries at maximum Rs. 4.40 per unit (including demand charges).
- (d) During pendency of the Petition, as an interim relief, Hon'ble Commission may please to direct Discom to charge tariff of Rs. 4.40/unit (including demand charges) from sick units/industries.
- (e) Pass such further order or orders as this Hon'ble Commission may deem just and proper in the circumstances of the case.

For, S.A.L. STEEL LTD.

  
Authorised Signatory

- PETITIONER

**Declaration:**

Declaration that subject matter of the petition has not been raised by the Petitioner before any other competent forum and that no other competent forum is currently seized of the matter or has passed any order in relation thereto.

**SAL Steel Limited**

**DATE: 9<sup>th</sup> April, 2018**

**PLACE: Ahmedabad**

For, S.A.L. STEEL LTD.

  
Authorised Signatory



**AFFIDAVIT**

I, Ashok Sharma son of Aatmaram Sharma aged about 62 years resident of 81/675, Pushpak Apartment, Naranpura, Ahmedabad-63 do hereby solemnly affirm and state as under:

1. I am the Authorised Signatory of the SAL Steel Limited and I am well conversant with the facts of the case and able to depose to the present affidavit.
2. I have gone through the contents of the accompanying Petition and I say that the contents stated therein are based on the records of the Petitioner maintained in the normal course of business.

For, S.A.L. STEEL LTD.

*Ashok Sharma*  
Authorised Signatory

**DEPONENT**

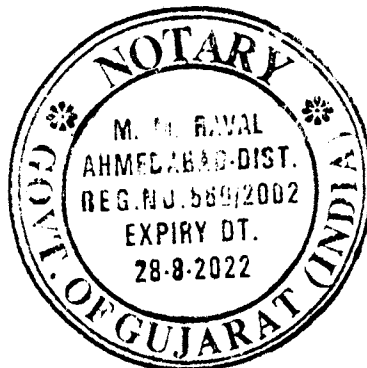
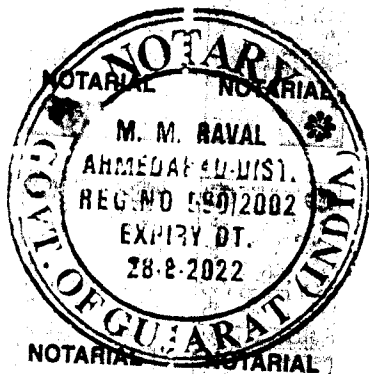
**VERIFICATION:**

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Ahmedabad on this 9<sup>th</sup> day of April 2018. For, S.A.L. STEEL LTD.

*Ashok Sharma*  
Authorised Signatory

**DEPONENT**



Solemnly Affirmed by  
M. M. Raval  
REG. NO. 559/2002  
EXPIRY DT. 28-8-2022  
Date: 09/04/18  
*M. M. Raval*  
(M. M. Raval)  
NOTARY  
09/04/18

HAND DELIVERY

8<sup>th</sup> May 2018

The Secretary,  
Gujarat Electricity Regulatory Commission  
6th Floor, GIFT ONE,  
Road 5C, Zone 5, GIFT City,  
Gandhinagar,  
Gujarat – 382355

Sub: Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries

Ref: Your letter dated 1<sup>st</sup> May 2018 registering the petition vide no. 1717/2018

Dear Sir,

With reference to the subject, our subject petition has been registered vide petition no. 1717/2018. It is submitted that we are sick industry and such we humbly request to place our petition before the Hon'ble Commission at the earliest.

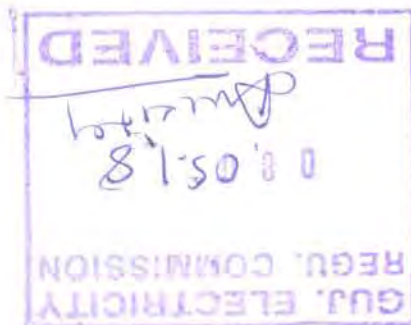
We shall be thankful for a favour in this regard.

Thanking you,

Yours faithfully,

for SAL Steel Ltd.

*Rajendra V Shah*  
Rajendra V Shah  
Chairman



HAND DELIVERY

8<sup>th</sup> May 2018

The Secretary,  
Gujarat Electricity Regulatory Commission  
6th Floor, GIFT ONE,  
Road 5C, Zone 5, GIFT City,  
Gandhinagar,  
Gujarat – 382355

Sub: Petition under the provisions of the Electricity Act, 2003 read with  
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other applicable Regulations of Hon'ble GERC for approval of tariff  
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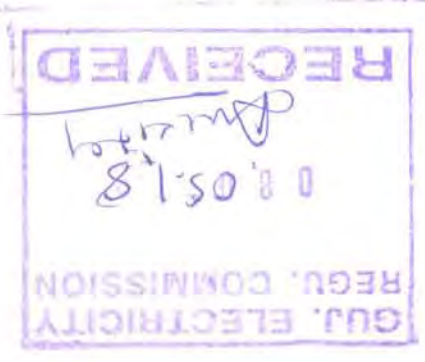
Thanking you,

Yours faithfully,

for SAL Steel Ltd.



Rajendra V Shah  
Chairman



21/5/2018

# GUJARAT URJA VIKAS NIGAM LIMITED

Sardar Patel Vidyut Bhavan, Race Course, Vadodara 390007

Phone (0265) (Direct), 2334751 PBX (0265) 2310582-86  
Fax : (0265) 2344543, 2337918, 2338164

Web : www.guvnl.com  
CIN : U40109GJ2004SGC045195

Ref.No.: GUVNL/COM/554

Date : 17/05/2018

To,  
The Secretary  
Gujarat Electricity Regulatory Commission  
6<sup>th</sup> Floor, GIFT ONE,  
Road 5-C, Zone- 5,  
Gandhinagar – 382 355

By FAX 079 -23602360, 2054/55

Sub: GUVNL's preliminary reply in the matter of petition no. 1717 of 2017 filed by M/s SAL Steel limited for approval of tariff dispensations specific to sick industries.

Dear Sir,

Please find enclosed herewith GUVNL's preliminary reply on affidavit (original plus four) in the matter of petition no. 1717/2016 filed by M/s SAL Steel limited for approval of tariff dispensations specific to sick industries in the State of Gujarat.

In this regard, GUVNL's reply on the same is enclosed herewith.

Thanking you,

Yours faithfully,

(K. P. Jangid)  
General Manager (COM)

Encl: As above

Copy to:

SAL Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> floor,  
Behind M.J. Library, Ashram Road  
Ahmedabad-06  
Ahmedabad. 380054

BEFORE THE HON'BLE GUJARAT ELECTRICITY  
REGULATORY COMMISSION GANDHINAGAR

Petition No: 1717 of 2018

Filing No:

IN THE MATTER OF

Petition under the provisions of the  
Electricity Act, 2003 read with GERC (Multi  
year Tariff) Regulation, 2016 (Regulation  
10.2) and other applicable Regulations of  
Hon'ble GERC for approval of tariff  
dispensations specific to sick industries

AND

SAL Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> floor,  
Behind M.J Library, Ashram Road,  
Ahmedabad-06

PETITIONER

AND

Gujarat Urja Vikas Nigam Limited & Others...

RESPONDENTS

The respondent no.5 above named most respectfully submits as  
under.



SAL Steel Limited hereinafter referred to as the Petitioner has filed the present petition before Hon'ble Commission seeking special tariff dispensation for sick industries in the State.

## SUBMISSIONS

Gujarat Urja Vikas Nigam Limited (GUVNL) hereinafter referred to as the Respondent most respectfully submits its preliminary reply on the aspect of admissibility of the above petition:-

1. It is submitted that Hon'ble Commission vide order dated 31.03.2018 has decided the retail tariff of four Respondent Distribution Licensees for FY 2018-19 effective from 1<sup>st</sup> April 2018 in the tariff petitions by the distribution licensees under the provisions of Multi Year Tariff Regulations framework.
2. Hon'ble Commission had invited comments/suggestions/objections from the stakeholders / consumers on the tariff petitions filed by the Distribution Licensees and also conducted hearing for making submissions by the consumers/consumer groups on the tariff petition.
3. It is submitted that Hon'ble Commission has dealt with on each of the submissions made by various consumers/consumer groups including response filed by /on behalf of HT/EHT consumers while deciding the retail tariff vide order dated 31<sup>st</sup> March 2018.
4. It is submitted that by way of present proceedings, indirectly the petitioner is seeking to review the tariff order dated 31.03.2018 which is passed by Hon'ble Commission after duly considering the objects/suggestions of all the stakeholders.
5. It is submitted that the petition for seeking review of the decision / order of Hon'ble Commission is allowed only in case the petition satisfy the ingredients contained at Regulation 72(1) of Gujarat Electricity Regulatory Commission (Conduct of Business Regulations), 2004.
6. It is humbly submitted that the petition is not fulfilling the criteria as contained in the Regulations 72(1) warranting review of the order dated 31.03.2018 passed by Hon'ble Commission.



7. In the petition, the petitioner has referred to the Regulations 10.2 of Multi Year Tariff Regulations, 2016 in support of the prayer seeking for special tariff dispensation to the sick industries

In this regard, it is submitted that the Regulations 10.2 is applicable only in case of a fresh determination of tariff either on account of expiry of period for which tariff was determined or the tariff for particular consumers/class of consumers is not available/ determined by Hon'ble Commission. In the present case Hon'ble Commission has already decided the tariff for FY 2018-19 including the tariff applicable to HT/EHT category of consumers.

8. It is further submitted that the Regulations 31 of Multi Year Tariff Regulations, 2016 provides that no tariff or part of any tariff may be amended, more frequently than once in any financial year. Since, Hon'ble Commission has determined the Aggregate Revenue Requirement (ARR) of the Discoms and allowed recovery of the same through the retail tariff applicable during FY 2018-19, revision in tariff of any consumers/category consumers may lead to under recovery of approved revenue of the Discoms and increase in tariff for other consumers.
9. As regard to criteria for applicability of special tariff for sick industries, It is submitted that Hon'ble Commission is to be guided by section 62 (3) of the Electricity Act, 2003, while determining tariff. Hon'ble Commission may vary the tariff of the consumers only considering parameters in section 62 (3) of the ACT.
10. Hon'ble Commission is humbly requested to consider the above submission of the Respondent while deciding the petition filed by the petitioner.
11. The answering Respondent craves leave of Hon'ble Commission to make further and additional submissions in the matter if required so.

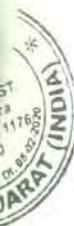
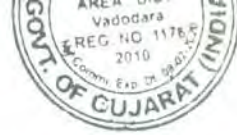
  
DEPONENT

GUJARAT URJA VIKAS NIGAM LIMITED

PLACE: Vadodara

DATE: 17<sup>th</sup> May 2018





Filing No:  
IN THE MATTER OF

Review Petition under Section 94(1) (f) of the Electricity Act, 2003 read with Regulation 72(1) of Gujarat Electricity Regulatory Commission (Conduct of Business) Regulations, 2004 seeking Review of the order of Hon'ble Commission dated 7<sup>th</sup> April 2012 in Case No 1152/2011 filed for True up of FY 2010-11 and determination of tariff for FY 2012-13 of GETCO under MYT framework.

**NOTARY**  
**NOTARY**  
**NOTARY**  
**NOTARY**

AND

SAL Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> floor,  
Behind M J Library, Ashram Road,  
Ahmedabad-06

NOTARIAL

PETITIONER

AND

Gujarat Urja Vikas Nigam Limited & Others

RESPONDENT

**Affidavit**

I, Hetalkumar Patel S/o Hasmukhbhai Patel aged 35 years, working at Commerce Department, GUVNL, S.P. Patel Vidyut Bhavan, Race Course Vadodara 390 015 do solemnly affirm and say as follows:

- I am Junior Engineer (Commerce) of the Gujarat Urja Vikas Nigam Ltd, the Respondent in the above matter and am duly authorized by the said Respondent to make this affidavit
- I have gone through the contents of the Reply of the Respondent to the Petition and I say that the contents mentioned therein are based on the records of the Respondent maintained in the normal course of business and believed by me to be true

*H. Patel*  
DEPONENT

**VERIFICATION:**

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Vadodara on this 17<sup>th</sup> Day of May, 2018.

*H. Patel*  
DEPONENT



Solemnly Affirmed / Declared  
Sworn Before me by... *Hetalkumar Patel*

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION  
AHMEDABAD

20

Petition No: 1717 of 2018

IN THE MATTER OF

Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff), Regulations, 2016 (Regulation 10.2 ) and other applicable Regulations of Hon'ble Commission for approval of tariff dispensation specific to sick industries.

AND

IN THE MATTER OF

SAL Steel Limited  
5/1 Shreeji House, 5th floor,  
Behind M.J. Library, Ashram Road,  
Ahmedabad-06

AND

Petitioner

IN THE MATTER OF

Gujarat Urja Vikas Nigam Limited & Others...

Respondents

ADDITIONAL SUBMISSION ON BEHALF OF RESPONDENT NO. 5:

SUBMISSION:



1. The Petitioner above named has filed the present petition before the Hon'ble Commission under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff), Regulations, 2016 (Regulation 10.2 ) and other applicable Regulations of Hon'ble Commission for approval of tariff dispensation specific to sick industries.
2. The matter was listed for hearing before Hon'ble Commission on 8.06.2018. Pursuant to the hearing held on 8.06.2018, by way of additional affidavit, the Respondent is filling the present submission.
3. It is humbly submitted that the Respondent do not have objection in case Hon'ble Commission decide the present petition and allow tariff dispensation specific to sick industries provided that recovery of full ARR of Distribution Licensees is ensured.
4. +Hon'ble Commission is requested to consider the above submission of the Respondent while deciding the petition and prayer made thereof.

  
 GUJARAT URJA VIKAS NIGAM LIMITED  
 - RESPONDENT

DATED: 14/06/2018  
 PLACE: Vadodra.

Filing No:  
IN THE MATTER OF

Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff), Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble Commission for approval of tariff dispensation specific to sick industries.

AND

SAL Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> floor,  
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Ahmedabad-06

PETITIONER

AND

Gujarat Urja Vikas Nigam Limited & Others...

RESPONDENT

Affidavit

I, Hetalkumar Patel S/o Hasmukhbhai Patel aged 35 years, working at Commerce Department, GUVNL, S.P. Patel Vidyut Bhavan, Race Course Vadodara 390 015 do solemnly affirm and say as follows:

- I am Junior Engineer (Commerce) of the Gujarat Urja Vikas Nigam Ltd. the Respondent in the above matter and am duly authorized by the said Respondent to make this affidavit.
- I have gone through the contents of the Reply of the Respondent to the Petition and I say that the contents mentioned therein are based on the records of the Respondent maintained in the normal course of business and believed by me to be true.

*[Signature]*  
DEPONENT

VERIFICATION:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Vadodara on this 14<sup>th</sup> Day of June, 2018.

My Commission Expires  
on 04-07-2018  
H. J. ZALA  
NOTARY (Govt. of India)

*[Signature]*  
DEPONENT

Solemnly Affirmed/Declared  
Sworn Before me by *[Signature]*



9/c

20

**Petition No : 1717 of 2018**

IN THE MATTER OF

Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff), Regulations 2016 (Regulation 10.2) and other application Regulations of Hon'ble Commission for approval of tariff Dispensation specific to sick industries.

AND

IN THE MATTER OF

SAL Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> Floor  
Behind M.J Library, Ashram Road,  
Ahmedabad - 06.

Petitioner

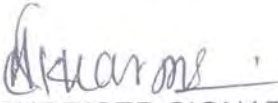


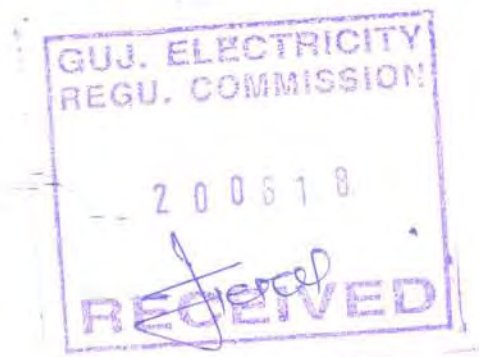
**ADDITIONAL SUBMISSION ON BEHALF OF PETITIONER:**

The matter was listed for hearing before Hon'ble Commission on 08.06.2018, additional submission is submitted herewith.

1. The copy of GR of Government of Gujarat for revival of sick industries as per Annexure-A

For SAL Steel Limited

  
AUTHORISED SIGNATORY



"Scheme for relief and concessions to the  
viable Sick Industrial Enterprises"

**GOVERNMENT OF GUJARAT**  
Industries and Mines Department  
**G.R.No: MIS/10/2015/702426/P**  
Schivalaya, Gandhinagar,  
Dt. 11/9/2017

- Read:** [1] Gujarat Industrial Policy 2015  
[2] I. & M. D. G. R. No. BFR/(HPC)/102003/3537/P, Dt. 12-05-2004  
[3] I. & M. D. G. R. No. BFR/(HPC)/102009/435690/P, Dt. 15-07-2010  
[4] I. & M. D. G. R. No. SSI-102014-924840-CH, Dt. 19-01-2015  
[5] I. & M. D. G. R. No. MIS/10/2015/702426/P Dt. 28-07-2016

**1.0 Preamble:**

Gujarat contributes more than 7.5 percent to India's GDP and 18 percent to India's fixed capital. More than 10% of the country's factories are in Gujarat while its manufacturing sector contributes 28% to its GSDP. Besides a robust primary economy, Gujarat is also one of the most industrialized states with dominance in many industry sectors. However, there are some sick enterprises out of large number of manufacturing enterprises in the state.

Sick enterprises lead to problems like unemployment, revenue loss to State and Central Government and increase in non-productive assets. Sickness is due to various reasons like obsolete product or technology, poor management, financial and marketing problems etc. This needs support from financial institutions, Government and from owners for converting non-productive assets to productive assets.

State Government earlier vide G.R. dated 12/05/2004 and 15/07/2010 had introduced Schemes for relief to the sick industrial companies registered with the BIFR/GBIFR. Under these schemes, number of sick enterprises has taken advantage for rehabilitation of their units. As the time limit of these existing schemes are over, it was under consideration of State Government to give relief and concessions to viable sick MSMEs and large enterprises for converting their non-productive assets into productive assets.

The State Government has introduced new Industrial Policy in January 2015 with aim of comprehensive social and economic development. Under the New Industrial Policy 2015, Government of Gujarat has issued a G.R. read at [4] above, announcing a scheme for registration of sick Micro, Small and Medium Enterprises (MSME) and also the assistance for preparing Diagnostic Report/ Draft Rehabilitation Scheme (DRS) to sick MSMEs.



In view of the above context and representation of number of sick units, Chamber of Commerce & Industry and Industries Associations for relief and concessions, state Government vide Resolution dated 28/07/2016 issued a scheme for relief and concessions to the viable Sick Industrial Enterprises registered with BIFR or GBIFR.

Subsequent to issuance of this GR, vide notification issued by Ministry of Finance (Department of Financial Services), New Delhi dated 25-11-2016, the Sick Industrial Companies (Special Provisions), Act, 1985, has been repealed from 1st December, 2016. BIFR & AAIFR stand dissolved with effect from that date. Considering this, it was under consideration for modification of the GR dated 28/07/2016.

**2.0 Resolution:**

Government is pleased to introduce modified scheme for Rehabilitation of sick enterprises with grant of relief and concessions to the Sick viable industrial enterprises fulfilling the criteria for registration as sick enterprise.

**3.0 The Scheme:**

The Scheme shall be known as "Scheme for relief and concessions to the viable Sick Industrial Enterprises."

**4.0 Time limit for application:**

To avail benefit under this scheme, the sick industrial enterprise shall have to apply within two years from the date of issue of this GR.

**5.0 Definition:**

- 1) "Competent authority" shall mean Additional Chief Secretary/ Principal Secretary, Industries and Mines Department, Industries Commissioner / Commissioner (MSME) as the case may be.
- 2) "Sick enterprise" shall mean an industrial enterprise which has been fulfilling the criteria for registration as sick enterprise.
- 3) "Outstanding dues" means the dues accrued up to 31<sup>st</sup> March of the financial year preceding the date of application submitted under this scheme, and payable towards State taxes and other dues of the State Government (royalties, electricity duty, water charges levied by the state departments) and also dues payable to GIIC, GSFC, GIDC, GUVNL & companies under it (formerly known as GEB), GMB, GWSSB and GWIL.
- 4) **Net Worth:** In case of a limited company, net worth means the sum total of paid up capital and free reserves. In case of a partnership/propriety concern net worth means the sum total of partners' /proprietor's capital and free reserves.  
Free Reserves. Means all reserves created out of profit and share premium account but does not include reserves created out of revaluation of assets, written back depreciation under amalgamation provisions.



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- 5) **Bank:** Means any public sector bank, District Co-operative Bank, Urban Co-operative Bank and any other bank which is a scheduled bank in terms of the second schedule to the Reserve Bank of India Act
- 6) **Financial Institution:** Means Industrial Finance Corporation of India, Industrial Investment Bank of India, Small Industries Development Bank of India, Gujarat Industrial Investment Corporation Ltd., Gujarat State Financial Corporation or other institution which is authorized under any law to advance term loans to industrial enterprises.
- 7) **Viable Sick Enterprise:** (a) For Micro, Small and Medium industrial enterprise means an enterprise having EM Part II acknowledgement under MSME Act/Udyog Adhar (b) for Large Industrial enterprise means an enterprise having SIA registration / or any Licence/ Registration issued by competent authority and (c) Industrial enterprise fulfilling the criteria of registration as sick enterprise and is technically feasible and economically viable as per Draft Rehabilitation Scheme (DRS)/ Techno Economic Viability (TEV) report from State/ Central Financial Institutions, Gujarat Industrial and Technical Consultancy Organization Limited (GITCO), Nationalized Banks or their Associates.
- 8) **State Government:** Means the Government of Gujarat.
- 9) **Relief and Concessions:** Means relief and concessions declared under this GIR specifically as per paragraph 7.0.
- 10) **Net VAT:** Means the tax including Additional Tax paid on sale of product after adjusting the tax credit of tax, including Additional Tax on purchases, under Gujarat Value Added Tax Act, 2003.

6.0 Eligibility:

I. Micro, Small and Medium industrial enterprise

Any Micro, Small and Medium industrial enterprise registered under MSME Act having EM Part II / Udyog Adhar acknowledgement and fulfilling the following criteria of a sick enterprise will be eligible

- a) There is erosion in the net worth due to accumulated losses to the extent of 50 percent of its net worth during the previous accounting year.
- b) The enterprise has been in commercial production for at least two years.

II. Large industrial enterprise

Any Large industrial enterprise fulfilling the following criteria of a sick industrial enterprise will be eligible.

- a) The enterprise should have SIA registration/ or any Licence/ Registration issued by competent authority.
- b) There is erosion in the net worth due to accumulated losses to the extent of 50 percent of its net worth, during the previous accounting year.
- c) The enterprise should be incorporated before 5 years and has been in commercial production for at least two years.



Scheme

7.1.2 The amount of down payment payable by the sick enterprise shall be paid within one month of the issue of sanction letter under option 1 and within two months under option 2. The Down Payment is required to be made with reference to principal outstanding dues and recoverable expenses incurred by the concerned government office(s).

7.1.3 The enterprise shall pay the remaining amount (i.e. after excluding the amount of Down Payment) of principal outstanding dues and expenses incurred by the concerned government office(s), along with interest payable (under option 2) in equal and monthly installments commencing in the month subsequent to the month in which Down Payment is made and in the remaining months within the time period prescribed in paragraph 7.1.1 above. The simple interest (under option 2) shall be charged on reducing balance of the outstanding settlement dues.

7.1.4 If the enterprise fails to make Down payment / subsequent payment as stipulated above in paragraphs 7.1.2 and 7.1.3, Industries Commissioner/Commissioner(MSME) as the case may be, would be the competent authority to condone such delayed period for payment within the period already approved by competent committee with simple interest at the rate of 11% p.a. on the amount of delayed payment for the period of delay.

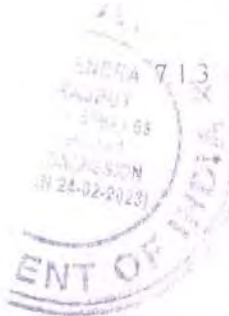
7.1.5 If the enterprise fails to make Down payment / subsequent payments within the stipulated period, ACS/ PS (I&M) would be the competent authority to condone the delayed period for a maximum of 12 months with 11% p.a. simple interest on such delayed period under all payment options. However, only that sick enterprise which has made payment of atleast 50% of settlement amount as per sanction letter would be eligible for such condoning.

7.1.6 The payment as per the sanction letter shall be made in an escrow account opened by GIDC for the purpose. In the event of payment not being made within the stipulated time period as mentioned in paragraph 7.1.2 to 7.1.5 above, as also non fulfillment of various compliances stipulated in the sanction letter, the amount so paid under the scheme in Escrow account shall be forfeited and shall be transferred to the respective nodal departments and will be adjusted towards their overdue.

7.2 Reimbursement of electricity duty:

7.2.1 The eligible sick enterprise will be entitled to reimbursement of electricity duty paid for 3 years @ 100% reimbursement for first year, 75% for second year and 50% for third year, after issuance of sanction letter, or commencement of production, whichever is later. The reimbursement shall be made within 60 days from the last date of the calendar quarter, subject to fulfillment of compliances.

7.2.2 The eligible sick enterprise classified as Labour Intensive units would be eligible to get reimbursement of electricity duty for an additional period of one year @50% of electricity duty paid. The list of Labour intensive industries/sectors shall be notified separately for the purpose of this GR by the State Government (i.e. 3+1 year).



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7.2.3 Eligible Micro, Small and Medium enterprise would get reimbursement of electricity duty for an additional period of one year @ 50% of electricity duty paid. (i.e. 3+1 year) and (3+2 years, if it is labour intensive and Micro, Small and Medium enterprise).

7.2.4 The benefit of reimbursement of electricity duty shall be available only if the electricity is purchased from a State Government owned electricity / power distribution licensee. An industrial unit generating power from its captive power plant or getting it from non-government owned power plant through open access will not be eligible for reimbursement of electricity duty.

The benefit of reimbursement of electricity duty paid shall be available only till such time as the enterprise continues under the same management as on the date of issue of sanction letter under this GR.

### 7.3 Incentive for additional fixed capital investment made by eligible sick enterprises:

7.3.1 If the existing promoter / management of a sick enterprise infuse fresh capital for revival of the unit, then 75% of the amount of such additional fixed capital investment shall be eligible for reimbursement of Net VAT to the extent of 75%.

7.3.2 The infusion of such additional fixed capital investment shall be as per the DRS/ TEV report. Such infusion of additional investment should not be less than 10% of gross block of the unit as per the balance sheet as on the 31<sup>st</sup> of March of the immediately preceding financial year.

7.3.3 The eligible fixed capital investment should have been made within 18 months from the date of submission of DRS / TEV report or from the date of sanction letter issued under the scheme.

7.3.4 The eligible Net VAT reimbursement shall be availed within 5 years from the date of sanction of relief under the scheme or commencement of production, whichever is later.

7.3.5 Net VAT reimbursement will be available on total production including production from existing machinery.

7.3.6 The benefit of reimbursement of Net VAT shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.

### 7.4 Incentive for fixed capital investment made by eligible sick enterprise for generation of renewable energy for captive use:

7.4.1 If the existing promoter / management of a sick enterprise make fixed capital investment for generation of renewable energy for captive use, 75% of the capital expenditure on such investment shall be eligible for reimbursement @ 75% of Net VAT paid. The benefit of Net VAT reimbursement shall have to be utilized within 5 years from the date of commencement of power generation from such plant.

7.4.2 The benefit of reimbursement of Net VAT shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.



**7.5 Relief and Concession to eligible sick enterprise to avail unutilized Sales Tax/ VAT incentive under any earlier Incentive Scheme and Kutch Package 2001 of the State Government:**

7.5.1 Eligible sick enterprise that has availed incentive under any earlier Incentive Scheme and/or Kutch Package 2001 of the State Government, and has not availed fully the incentive amount eligible under the respective scheme, would be entitled to avail 75% of the balance unutilized incentive already approved under the respective scheme, within a further period of 75% of the eligible period approved under the respective incentive scheme, from the date of sanction of relief under this GR or commencement of production, whichever is later.

7.5.2 The benefit to avail the balance unutilized Sales Tax or VAT incentive, as applicable, shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.

7.5.3 The benefit to avail the balance unutilized Sales Tax/ VAT incentive shall be subject to

- a) At least 25% of sanctioned Sales Tax/ VAT incentive has been availed prior to application under this scheme.
- b) The benefit shall be available subject to clearance of other Government dues pending, if any.

**7.6 Entitlement by sick enterprise to avail electricity supply through Open Access:**

A sick industrial enterprise getting relief and concessions under this scheme shall be entitled to source power from any supplier including open access as per the provisions of Open Access Regulation of GERC.

**8.0 Sick enterprise taken over by new promoter/ management:**

8.1 Sick enterprise taken over by a new Promoter/ Management would be eligible for relief and concessions available to sick enterprise as mentioned in paragraphs 7.1, 7.2, 7.3, 7.4, 7.5 and 7.6 under this scheme.

8.2 This benefit will be available only if there is a distinct change of management in the real sense.

8.3 The benefit in paragraphs 7.2, 7.3, 7.4, 7.5 and 7.6 under the scheme shall be available only till such time as the enterprise continues under the same management as on the date of sanction of relief and concessions under this GR.

**9.0 Procedure:**

- 1 The applicant enterprise shall have to apply to the office of the Industries Commissioner/ Commissioner(MSME) as the case may be, in a prescribed application form with required details for availing reliefs and concessions. Such application should be accompanied by a proposed rehabilitation scheme that envisages repayment of dues to the banks/financial institutions, if any, as well as outstanding dues of the State Government, State PSUs. Further, the application should



be accompanied by the audited accounts of the enterprise for the preceding three years, with the auditor's remarks duly complied with.

2. Registration to Micro, Small and Medium Enterprises fulfilling the criteria for registration mentioned in the GR, will be given by the office of the MSME Commissioner
3. Registration to Large Enterprises fulfilling the criteria for registration mentioned in the GR, will be given by the Industries Commissioner.
4. The cases having total outstanding dues upto Rs.10 crore will be decided by a committee chaired by the Industries Commissioner/Commissioner(MSME) as the case may be, as mentioned in paragraph 10.1 of this G.R.
5. The cases having total outstanding dues above Rs.10 crore upto Rs.25 crore will be decided by a committee chaired by Additional Chief Secretary/ Principal Secretary (Industries & Mines department), as mentioned in paragraph 10.2 of this G.R.
6. The cases having total outstanding dues above Rs.25 crore and up to Rs.50 crore will be decided by a committee chaired by the Chief Secretary, as mentioned in paragraph 10.3 of this G.R.
7. The cases having total outstanding dues above Rs. 50 crore will be decided by a High Power Committee (HPC) chaired by the Hon'ble Chief Minister, as mentioned in paragraph 10.4 of this G.R.
8. An application for relief and concession received under this scheme, not specifically falling under paragraphs 9.4 to 9.7 above, shall be decided by the Committee chaired by Chief Secretary as mentioned in paragraph 10.3 of this G.R.
9. The cases to be placed before High Power Committee will first be placed before the committee chaired by Chief Secretary for examination and recommendation to HPC.

#### 10.0 Competent Committee:

##### 10.1 Committee headed by Industries Commissioner / Commissioner(MSME) as the case may be:

1. Industries Commissioner / Commissioner (MSME)	Chairman
2. Managing Director, G.S.F.C	Member
3. VC & MD, GIDC	Member
4. Special Commissioner, Commercial Tax	Member
5. Commissioner, Electricity Duty	Member
6. Joint/Deputy Secretary, Finance Dept.	Member
7. Joint/ Dy. Secretary, Industries & Mines department	Member
8. General Manager, Dena bank & Chairman, SLBC cell	Member
9. Representative of Gujarat Chamber of Commerce & Industry	Member
10. Representative of GSSIF	Member
11. Representative of Laghu Udyog Bharati	Member
12. Add. /Jt. Commissioner of Industries	Member Secretary



- 10.2 **Committee headed by Addl. Chief Secretary/ Principal Secretary (IMD):**
- |   |  |                  |
|---|--|------------------|
| 1 | Add. Chief Secretary / Principal Secretary (IMD)                 | Chairman         |
| 2 | Secretary Expenditure, Finance Dept                              | Member           |
| 3 | Secretary of concerned Department/s                              | Member           |
| 4 | VC & MD, GIDC  | Member           |
| 5 | Industries Commissioner/Commissioner(MSME)<br>as the case may be | Member           |
| 6 | Addl. Industries Commissioner                                    | Member Secretary |
- 10.3 **Committee headed by Chief Secretary (CS):**
- |   |  |                  |
|---|--|------------------|
| 1 | Chief Secretary  | Chairman         |
| 2 | Add. Chief Secretary / Principal Secretary, Finance Dept.        | Member           |
| 3 | Add. Chief Secretary / Principal Secretary (IMD)                 | Member           |
| 4 | Secretary of concerned Department/s                              | Member           |
| 5 | Industries Commissioner/Commissioner(MSME)<br>as the case may be | Member Secretary |
- 10.4 **High Power Committee:**
- |   |  |                  |
|---|--|------------------|
| 1 | Hon. Chief Minister  | Chairman         |
| 2 | Hon. Finance Minister  | Member           |
| 3 | Hon. Industries Minister   | Member           |
| 4 | Chief Secretary  | Member           |
| 5 | Addl. Chief Secretary/ Principal Secretary, Finance Dept.        | Member           |
| 6 | Addl. Chief Secretary/ Principal Secretary, Ind. & Mines Dept.   | Member           |
| 7 | Industries Commissioner/Commissioner(MSME)<br>as the case may be | Member Secretary |

The Chairman of the above committees may call any officer as deemed necessary from other departments.

11.1 **Conditions for availing VAT incentive under Paragraph 7.3,7.4 & 7.5:**

1. Sick enterprise eligible for reimbursement of Net VAT shall be considered as a normal dealer under the Gujarat Value Added Tax Act, 2003 and the rules made there under. The incentive shall be available in the form of reimbursement only.
2. Eligible sick enterprise will be allowed reimbursement of net VAT paid to the extent of rates as outlined under paragraph 7.3.1 and 7.4.1 of this resolution.
3. Eligible sick enterprise shall manufacture the goods on its own for which it is eligible for incentive.
4. Eligible sick enterprise shall remain in production during the incentive period.
5. Eligible sick enterprise shall have to make e-payment and submit e-returns.
6. VAT Concessions are available only upto 30-6-2017. In the GST regime, necessary modifications will be made as may be decided by the State Government and the decision of the state government shall be final.



*Signature*

### 11.2 Other Terms and Conditions:

- 1) The dues certified by the concerned department/office and approved by respective committee under the scheme would be considered for relief and concessions. Any revision in the outstanding dues made by department/office before approval of the respective committee would be considered under this scheme
- 2) In case of any increase in outstanding dues other than approved by the competent committee, due to assessment, audit, appeal, revision or for any other reason, the enterprise shall abide by the same.
- 3) In case of any question of interpretation or clarification relating to this GR, the decision of the committee chaired by the Chief Secretary will be final and binding to all
- 4) The relief and concessions expected from the Government of Gujarat should be critical and need based for the revival of the company
- 5) The relief and concessions mentioned in this GR shall not be automatically available to a sick enterprise, but shall be considered on the merits of each individual case.
- 6) Industries Commissioner /Commissioner (MSME) as the case may be, will prescribe application form, check list and such other documents necessary for applying, processing and sanctioning of reliefs and concessions under this scheme.
- 7) The working unit shall be kept under observation for one year, during which period the unit shall have to pay all the current dues regularly. In case of a closed unit, it shall be kept under observation for one year after restarting the production, during which period the unit shall have to pay all the current dues regularly. If unit sanctioned relief and concessions under this scheme, fails thereafter to pay the current dues, the relief and concession sanctioned under this scheme shall be liable to be cancelled.
- 8) The concerned department of the State Government, or State PSUs or other offices under it, participating in this rehabilitation programme of sick enterprise, shall take necessary action for implementation of the scheme, as decided by the respective committee
- 9) The industrial enterprise who has already applied for relief and concessions under GR dated 28/07/2016, such application will be automatically considered under this GR.

### 12.0 Budget provision:

The expenditure on this account will be met from the sanctioned grant of the respective financial year under the following budget head:

1	Demand No	49 (Plan)
2	Major Head	2852 (Cottage and Small Industries)
3	Sub-Major Head	80 (General)
4	Minor Head	800 Other expenditure
5	Sub Minor Head	(25) IND-6, Rehabilitation programmes for Sick Industries



This issues with the concurrence of Finance Department dated 6.9.2017 on this department file of even number

By order and in the name of Governor of Gujarat

*B.S. Mehta*

(B.S.Mehta)

Joint Secretary

Industries and Mines Department



To,

1. Secretary to H.E. The Governor \*
2. PS to All Ministers
3. Principal Secretary to Hon.CM
4. Under Secretary to Chief Secretary
5. All Departments, Sachivalaya, Gandhinagar  
(with a request to inform all the concerned under their departments)
6. All Heads of Departments/Boards/Corporations/Institutions under Industries & Mines Department
7. Industries Commissioner, Gandhinagar
8. Commissioner (MSME), Gandhinagar
9. All DICs
10. Commissioner of Commercial Tax, Ashram Road, Ahmedabad
11. Accountant General, Ahmedabad/Rajkot \*
12. Pay and Accounts Officer, Ahmedabad/ Gandhinagar \*
13. All branches of Industries & Mines Department
14. All leading Financial Institutions / Banks/ Industries' Associations ( through Industries Commissioner)
15. Jt C I O- Industries & Mines Department for uploading on website
16. Select file

\*By letter





BEFORE THE GUJARAT ELECTRICITY REGULATORY  
COMMISSION GANDHINAGAR

Case No. 1717 of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.

AND

S.A.L. Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> Floor,  
Behind M.J Library, Ashram Road,  
Ahmedabad-06

..... Petitioner

AND

1. Paschim Gujarat Vij Company Limited
2. Uttar Gujarat Vij Company Limited.
3. Dakshin Gujarat Vij Company Limited.
4. Madhya Gujarat Vij Company Limited
5. Gujarat Urja Vikas Nigam Limited

..... Respondents

**AFFIDAVIT**

I, Ashok Sharma son of Aatmaram Sharma aged about 62 years resident of 81/675, Pushpak Apartment, Naranpura, Ahmedabad-63 do hereby solemnly affirm and state as under:

1. I am the Authorised Signatory of the S.A.L. Steel Limited and I am well conversant with the facts of the case and able to depose to the present affidavit.
2. I have gone through the contents of the additional submission and I say that the contents stated therein are based on the records of the Petitioner maintained in the normal course of business.

**VERIFICATION:**

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

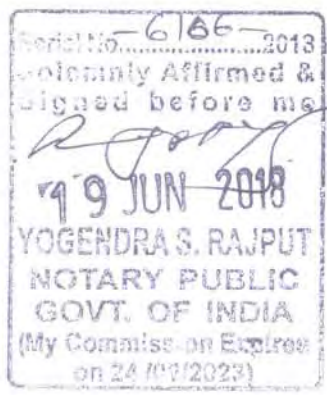
Verified at Ahmedabad on this 19<sup>th</sup> day of June 2018.

For, S.A.L. STEEL LTD.

*Akharone*  
Authorised Signatory  
**DEPONENT**

IDENTIFIED BY ME

ADVOCATE



NOTARIAL NOTARIAL

O/c

(37)

**BEFORE THE GUJARAT ELECTRICITY REGULATORY  
COMMISSION GANDHINAGAR**

Case No. 1717 of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.

AND

SAL Steel Limited  
5/1 Shreeji House, 5<sup>th</sup> Floor,  
Behind M.J Library, Ashram Road,  
Ahmedabad-06



.....Petitioner

**ADDITIONAL SUBMISSION ON BEHALF OF PETITIONER**

Pursuant to Hon'ble GERC daily order dated 20.06.2018, as directed we enclosed herewith a copy of last three financial years Annual Reports as **Annexure -- B1 to B3**. This is to submit that as can be seen in the financial statement of last three years that the net worth of the Company is totally eroded and is having negative net worth. Further, as regarding Govt. Notification declaring Company as "Sick Units", we submit that in the meeting held on 25<sup>th</sup> June 2018 under the chairmanship of Chief Secretary of Government of Gujarat, application of declaring Company as Sick Unit has taken into consideration and in due course of time Notification / Certificate will be issue. We undertake that as and when we receive Govt. notification / certificate we will be submitting with the Hon'ble Commission.

Further, to inform that copy of Government Resolution has been already submitted with the Hon'ble Commission on 20.06.2018 as **Annexure - A**.

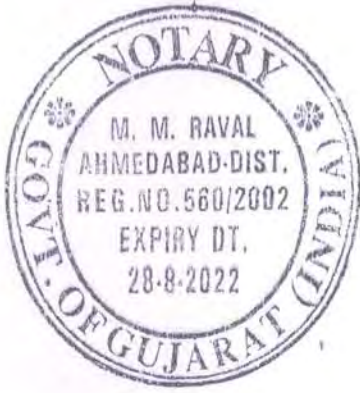
**For, SAL Steel Limited**

**BEFORE THE GUJARAT ELECTRICITY REGULATORY  
COMMISSION GANDHINAGAR**

Case No. 1716 of 2018

IN THE MATTER OF Petition under the provisions of the Electricity Act, 2003 read with GERC (Multi Year Tariff) Regulations, 2016 (Regulation 10.2) and other applicable Regulations of Hon'ble GERC for approval of tariff dispensation specific to sick industries.

AND



Shah Alloys Limited  
5/1 Shreeji House, 5<sup>th</sup> Floor,  
Behind M.J Library, Ashram Road,  
Ahmedabad-06

..... Petitioner

AND

1. Paschim Gujarat Vij Company Limited
2. Uttar Gujarat Vij Company Limited.
3. Dakshin Gujarat Vij Company Limited.
4. Madhya Gujarat Vij Company Limited
5. Gujarat Urja Vikas Nigam Limited

..... Respondents

**AFFIDAVIT**

I, Ashok Sharma son of Aatmaram Sharma aged about 62 years resident of 31/675, Pushpak Apartment, Naranpura, Ahmedabad-63 do hereby solemnly affirm and state as under:

1. I am the Director of the Shah Alloys Limited and I am well conversant with the facts of the case and able to depose to the present affidavit.
2. I have gone through the contents of the additional submission and I say that the contents stated therein are based on the records of the Petitioner maintained in the

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**VERIFICATION:**

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Verified at Ahmedabad on this 29<sup>th</sup> day of June 2018.

FOR, SHAH ALI...

*Shah Ali*  
DEPONENT

DEPONENT



Solemnly Affirmed by  
Mr. A. A. Sharma  
Inscribed No. 4497.7262 6244  
Personally known to me  
Date 29/06/18  
*M. M. Raval*  
NOTARY  
29/06/18



**Power  
Ferro Alloys  
Sponge Iron / DRI**

**Annual Report  
2014-2015**



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



**BOARD OF DIRECTORS:**

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

**REGISTERED OFFICE**

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

**ADMINISTRATIVE OFFICE**

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

**PLANT**

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

**AUDITORS**

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

**BANKERS TO THE COMPANY**

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

*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 12<sup>th</sup> Annual General Meeting of the Members of **S.A.L. STEEL LIMITED** will be held on Thursday, 24<sup>th</sup> September, 2015 at 10:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060 to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2015, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajendra V. Shah (DIN 00020904), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

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

**SPECIAL BUSINESS:**

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

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 be paid the remuneration of ₹ 60,000/- per annum plus out of pocket expenses, if any, incurred during the course of above audit.”

**NOTES**

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

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

2. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Listing Agreement (Including any Statutory Modification or re-enactment thereof for the time being in force), the Company is providing e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. The instructions for e-voting are enclosed herewith.
3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
4. Pursuant to Clause 49 of the Listing Agreement, details of directors seeking appointment/reappointment at the Meeting are given in detail, is annexed hereto.
5. A statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
6. Shareholders are requested to bring their copy of Annual Report to the meeting.
7. Members/Proxies should fill Attendance Slip for attending the meeting.
8. **The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 16<sup>th</sup> September, 2015 to Thursday, 24<sup>th</sup> September, 2015 (both days inclusive).**
9. Members seeking any information or clarification on Accounts are requested to send written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
10. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.





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

**SECTION A: E-VOTING PROCESS:**

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

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

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

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

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

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

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



## S.A.L. STEEL LIMITED

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

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

**By order of the Board**

**Anil Pandya**  
**Director**

(DIN: 02453919)

**Date :** 5<sup>th</sup> May 2015

**Place :** Santej

**Registered Office:**

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

**CIN:** L29199GJ2003PLC043148

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

#### FOR ITEM NO.: 4

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2016 at the remuneration of ₹ 60,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2016. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice. The Board commends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

**By order of the Board**

**Anil Pandya**  
**Director**

(DIN: 02453919)

**Date :** 5<sup>th</sup> May 2015

**Place :** Santej

**Registered Office:**

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

**CIN:** L29199GJ2003PLC043148

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

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



## S.A.L. STEEL LIMITED

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

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

### RESOLUTION NO. 5

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

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

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

**By order of the Board**

**Date :** 13<sup>th</sup> July 2015

**Place :** Santej

**Registered Office:**

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

**CIN:** L29199GJ2003PLC043148

**Anil Pandya**  
**Director**  
(DIN: 02453919)

### EXPLANATORY STATEMENT

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

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

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

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

#### DETAILS OF THE DIRECTORS SEEKING APPOINTMENT IN THE 12<sup>TH</sup> ANNUAL GENERAL MEETING OF THE COMPANY PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

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

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

**By order of the Board**

**Date :** 13<sup>th</sup> July 2015

**Place :** Santej

**Registered Office:**

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

**CIN:** L29199GJ2003PLC043148

**Anil Pandya**  
**Director**  
(DIN: 02453919)

**DIRECTORS' REPORT**

Dear Members,

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

**FINANCIAL HIGHLIGHTS**

₹ In Lacs

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

**OPERATIONAL OVERVIEW**

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

**DIVIDEND**

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

**BUSINESS ACTIVITY**

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

**DETAILS OF THE ASSOCIATES/ JOINT VENTURE / SUBSIDIARIES COMPANIES**

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

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

**REFERENCE TO BE MADE TO BIFR:**

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

**FIXED DEPOSIT**

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



## S.A.L. STEEL LIMITED

### REGULATORY STATEMENT

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

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

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

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

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

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

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

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

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

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

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

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

### CORPORATE GOVERNANCE

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

### BOARD OF DIRECTORS

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

### DECLARATION BY INDEPENDENT DIRECTORS:

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

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

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



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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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

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

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

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



## S.A.L. STEEL LIMITED

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

### INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

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

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

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

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

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

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

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

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

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

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

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

There were 383 permanent employees on the rolls of company.

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**PARTICULARS OF THE EMPLOYEES**

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

**AUDITORS****Statutory Auditors**

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

**COST Auditors**

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

**INTERNAL AUDITOR**

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



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

### **SECRETARIAL AUDITOR**

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

### **OBSERVATION OF THE SECRETARIAL AUDITOR**

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

### **EXPLANATION TO THE AUDITORS' OBSERVATIONS**

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

#### **Para for Basis for Qualified Opinion**

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

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

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

#### **Annexure to Independent Auditors' Report - Para ix**

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

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

#### **MATERIAL CHANGES / INFORMATION:**

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

#### **APPRECIATION**

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

**For and on behalf of the Board**

Date : 5<sup>th</sup> May 2015  
Place : Santej

**Rajendra V. Shah**  
(DIN: 00020904)  
Chairman



## ANNEXURE - 1 TO THE DIRECTORS' REPORT

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

**A. CONSERVATION OF ENERGY**

## (a) Energy conservation measures taken:-

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

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

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

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

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

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

**(I) POWER & FUEL CONSUMPTION**

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

**(II) CONSUMTION PER M.T. OF PRODUCTION**

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



## S.A.L. STEEL LIMITED

### B. TECHNOLOGY ABSORPTION

Particulars	2014-15	2013-14
<b>(I) Research and Development (R &amp; D)</b>		
1. Specific areas in which R&D carried out by the company.	NIL	NIL
2. Benefits derived as a result of the above R&D	NIL	NIL
3. Future plan of action:		
a) Capital		
b) Recurring		
c) Total		
d) Total R&D expenditure as a percentage of total turnover	NIL	NIL
<b>(II) Technology absorption, adaptation:</b>		
Company has not carried out research, development & innovation activities.		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL	NIL
2. Benefits derived as a result of the above efforts, e.g. product improvement, NIL cost reduction, product development, import substitution etc.	NIL	
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	NIL	NIL
a) Technology imported		
b) Year of import		
c) Has technology has been fully absorbed		
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NIL	NIL

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

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

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

**ANNEXURE – 2 TO THE DIRECTORS' REPORT**

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDING ON 31/03/2015

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

**1) REGISTRATION AND OTHER DETAILS:**

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

**2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

**3) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

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


**S.A.L. STEEL LIMITED**
**4) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding**

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


**(ii) Shareholding of promoters**

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

**(iii) Change in Promoter's Shareholding**

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

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

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



## S.A.L. STEEL LIMITED

### 6) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

### 7) INDEBTEDNESS

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

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

### 8) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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





b. Remuneration to other directors:

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

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

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

10) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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



**ANNEXURE – 3 TO THE DIRECTORS' REPORT  
CORPORATE GOVERNANCE REPORT**

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

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

**2. BOARD OF DIRECTORS :**

**COMPOSITION AND CATEGORY**

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

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

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

**BOARD PROCEDURE**

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

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

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

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



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

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

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

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

### CODE OF CONDUCT

The Company has already adopted a code of conduct for all employees of the company and Executive directors. The board has also approved a code of conduct for the non-executive directors of the company. All board members and senior management personnel (as per clause 49 of listing agreement) have affirmed compliance with the applicable code of conduct has been provided in the Annual Report. The directors and senior management of the company have made disclosures to the board confirming that there are no material financial and/ or commercial transactions between them and the company that could have potential conflict of interest with the company at large.

### 3. COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE:

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

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

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



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

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

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

### NOMINATION AND REMUNERATION COMMITTEE:

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

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

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

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

### DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2014-15

(Amount in ₹)

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

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

### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

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

Name and designation of Compliance Officer:

Shri Babulal M. Singhal, Whole-Time Director

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

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

No. of pending Complaints : Nil

No. of complaints resolved during the year : 1 Complaint

**4. GENERAL BODY MEETING**

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

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

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

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

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

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

**OBJECTIVE OF THE POLICY**

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

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

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

**b) Identification of related party transactions:-**

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

**DISCLOSURES**

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

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

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

**FAMILIARIZATION AND CONTINUING EDUCATION PROCESS**

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



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

### C. RISK MANAGEMENT POLICY

#### LEGAL FRAMEWORK

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

#### BACK GROUND AND IMPLEMENTATION

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

#### COMMITTEE

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

### D. CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

### E. VIGIL MECHANISM POLICY

#### LEGAL FRAMEWORK

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

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

#### POLICY

In compliance of the above requirements, S A L STEEL LIMITED, being a Listed Company has established a Vigil (Whistle Blower) Mechanism and formulated a Policy in order to provide a framework for responsible and secure whistle blowing/vigil mechanism.

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

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

#### OBJECTIVE:

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



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

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

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

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

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

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

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

**NON COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES:**

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

**5. CODE OF CONDUCT**

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

**6. CERTIFICATE ON CORPORATE GOVERNANCE**

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

**7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**8. CERTIFICATION**

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

**9. COMPLIANCE WITH CLAUSE 49**

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

**10. MEANS OF COMMUNICATION**

- a. All financial results are immediately sent to stock exchanges after being taken on record by the Board.
- b. As per the requirements of Listing Agreement, Results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- c. The Company's website [www.salsteel.co.in](http://www.salsteel.co.in) contains a separate dedicated section named “Investors” where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

**11. GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS**

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

**a) Annual General Meeting.**

**Date** : 24<sup>th</sup> September, 2015

**Time** : 10.30 A.M.

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



## S.A.L. STEEL LIMITED

### b) Financial Year

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

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

Quarter ending 30<sup>th</sup> June 2015 : By 14<sup>th</sup> August 2015

Quarter ending 30<sup>th</sup> September 2015 : By 14<sup>th</sup> November 2015

Quarter ending 31<sup>st</sup> December 2015 : By 14<sup>th</sup> February 2016

Quarter ending 31<sup>st</sup> March 2016 : By 14<sup>th</sup> May 2016

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

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

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

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

**Demat ISIN No. for NSDL and CDSL** : INE658G01014

### f) Listing Fees to Stock Exchanges

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

### g) Custodial Fees to Depositories

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

### h) Share Price Data

(₹ per share)

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



i) Shareholding pattern as on 31<sup>st</sup> March, 2015

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

j) Distribution of shareholding as on 31<sup>st</sup> March, 2015

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

## k) Dematerialization of Shares and Liquidity

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

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

## l) Share Transfer System

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

## m) Reconciliation of Share Capital Audit Report

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

## n) Plant Location:

The Company's plant is located at:

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

## o) Registered &amp; Administrative Offices:

**Registered Office**

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

**Administrative Office:**

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



## S.A.L. STEEL LIMITED

### p) Address for Investor Correspondence:

In case any problem or query shareholders can contact at:

**Name** : Babulal M Singhal, Compliance officer

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

**Phone** : 91-02764-661100/11

**Fax** : 91-02764-661110

**Email** : [sal.investor@salsteel.co.in](mailto:sal.investor@salsteel.co.in)

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

**Name** : Karvy Computershare Private Limited

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

**Phone** : 91-040-67162222

**Fax** : 91-040-23001153

**Toll Free no.** : 1800-345-4001

**Email** : [varghese1@karvy.com](mailto:varghese1@karvy.com)

**Website** : [www.karvycomputershare.com](http://www.karvycomputershare.com)

### Annexure to Corporate Governance Report

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

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

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

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

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

#### For S.A.L Steel Limited

**Anil Pandya**

Whole Time Director

DIN:02453919

**Babulal M. Singhal**

WTD & CFO

DIN:01484213

**Place** : Santej

**Date** : 05.05.2015

#### CERTIFICATE ON CORPORATE GOVERNANCE

To

Members

**S.A.L. Steel Limited**

We have examined the compliance of the conditions of Corporate Governance by S.A.L. Steel Limited for the year ended 31<sup>st</sup> March, 2015 as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges in India.

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

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

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

**FOR, K.K PATEL AND ASSOCIATES**

Company Secretaries

**Kiran Kumar Patel**

PROPRIETOR

CP No. 6352

**Place** : Gandhinagar

**Date** : 05.05.2015

**CERTIFICATION**

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

To  
The Board of Directors

**We hereby certify that:**

- a. We have reviewed Financial Statements and the Cash Flow Statement for the year ended **31<sup>st</sup> March 2015** and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee –
  - i. significant changes in internal control over financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For S.A.L Steel Limited**

**Anil Pandya**  
Whole Time Director  
DIN:02453919

**Babulal M. Singhal**  
WTD & CFO  
DIN:01484213

**Place :** Santej  
**Date :** 05.05.2015

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

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

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

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

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

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

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

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

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

**DISCUSSION ON COMPANY'S PERFORMANCE**

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

**SWOT ANALYSIS OF COMPANY****Strength**

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

**Weaknesses**

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

**Opportunities**

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

**Threats**

- Rising raw material prices.
- High Cost of Capital.
- Constraint of Raw Material availability
- Global economic slowdown.
- Unremunerative Prices.
- Unforeseen general macro-economic factors and political turmoil.

**RISKS AND CONCERNS**

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

- Working Capital risks
- Raw Materials Availability risk
- Raw Material Price Fluctuation risks.
- Government Policy and Political Structure risk
- Competition risk
- Economic Slowdown risk

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

**INTERNAL CONTROL SYSTEM**

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

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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

**RISK MANAGEMENT**

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



## S.A.L. STEEL LIMITED

### FUTURE OUTLOOK

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

Sponge iron is mainly used to produce long steel which is used in the construction sector. The steel sector is expected to do well with production set to grow by 6.2% in 2015-16 as against 4.3% reported during April 14 - February 2015. The government has announced many infrastructure projects which will drive the demand for steel & accordingly the production of sponge is also likely to grow by 6.4% in 2015-16. During 2015-16, company expects the operating margin of the industry to remain flat.

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

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

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

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

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

### CAUTIONARY NOTE

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

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

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

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

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

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

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

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

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

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

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

**I/We further report that**

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



## S.A.L. STEEL LIMITED

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

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

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

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

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

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

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

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

(II) Redemption/ buy-back of securities

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

(IV) Merger/ amalgamation/reconstruction etc.

(V) Foreign technical collaborations

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

**Place : Ahmedabad  
Date : 5<sup>th</sup> May 2015**

**(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 (is applicable).
2. The company has been disposing the hazardous waste as per applicable rules.

#### *Taxation Laws*

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

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

**Place : Ahmedabad  
Date : 5<sup>th</sup> May 2015**

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





## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

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

**Basis for Qualified Opinion**

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

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

**Qualified Opinion**

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



## S.A.L. STEEL LIMITED

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

### Emphasis of Matters

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

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

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

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

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

**Umesh Talati**  
**Partner**  
**Mem No. : 034834**

**Place : Ahmedabad**  
**Date : May 05, 2015**

**Annexure to Independent Auditors' Report**

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date.)

- i) In respect of its Fixed Assets:
- a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
  - b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
- ii) In respect of its inventories:
- a) 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.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on Physical Verification of Inventories as compared with the book records.
- iii) In respect of Loans, Secured or Unsecured granted by the company to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013: According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) of paragraph 3 of the Companies Auditor's Report Order 2015 are not applicable to the Company .
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls system.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2015 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the cost records maintained by the Company as specified Central Government under sub Section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of the Statutory dues:
- a) *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 31<sup>st</sup> March, 2015 for a period of more than six months from the date of becoming payable.*

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

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

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

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

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

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

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

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

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

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

Place : Ahmedabad  
Date : May 05, 2015

**Umesh Talati**  
Partner  
Mem No. : 034834



BALANCE SHEET AS AT MARCH 31, 2015

(Amount in ₹)

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

As Per our report of even date

**For, Talati & Talati**

*Chartered Accountants*

(Firm Regn No.: 110758W)

**Umesh Talati**

*Partner*

Membership No. 034834

Place : Ahmedabad

Date : May 5, 2015

For and on behalf of the Board of Directors

**Rajendra V. Shah** Chairman

**Sujal A Shah** Director

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

**Anil Pandya** Director



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

(Amount in ₹)

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

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

As Per our report of even date  
**For, Talati & Talati**  
*Chartered Accountants*  
 (Firm Regn No.: 110758W)  
**Umesh Talati**  
*Partner*  
 Membership No. 034834  
 Place : Ahmedabad  
 Date : May 5, 2015

For and on behalf of the Board of Directors  
**Rajendra V. Shah** Chairman  
**Sujal A Shah** Director  
**B.M. Singhal** Director Cum C.F.O.  
**Anil Pandya** Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

(Pursuant to the listing Agreement with Stock Exchange)

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

As Per our report of even date

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

**Umesh Talati**  
Partner  
Membership No. 034834

Place : Ahmedabad  
Date : May 5, 2015

For and on behalf of the Board of Directors

**Rajendra V. Shah** Chairman

**Sujal A Shah** Director

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

**Anil Pandya** Director

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

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

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT**

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

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

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

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

**2.2 Revenue Recognition**

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

**2.3 Excise Duty**

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

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

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

**Intangible Assets:**

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

**2.5 Valuation of Inventories**

Inventories are valued at lower of cost or net realizable value after considering the credit of VAT and CENVAT. In case of Raw Materials, Trading goods, Stock at third party and Stores and Spares are determined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost. Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates. Net realizable value is estimated at the expected selling price less estimated completion and selling costs.

**2.6 Cash flow statement**

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

**2.7 Investments**

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

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

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

**(b) long term**

The Company has both defined contribution and defined benefit plans.



**(c) Defined contribution plans**

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

**(d) Defined benefit plans**

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

**(e) Other employee benefits**

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

**2.9 Taxation**

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

**2.10 Depreciation****On Tangible Assets:**

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

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

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

**On Intangible Assets:**

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

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

**2.11 Foreign currency transactions**

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

**2.12 Borrowing cost**

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

**2.13 Earnings per share**

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

**2.14 Impairment of Assets**

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

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

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



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

**a) Reconciliation of number of shares:**

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

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

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

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

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

**d) Terms of securities convertible into equity shares:****Convertible warrants:**

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

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



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

(Amount in ₹)

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

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

Secured Borrowings:

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

Term loan:

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

Terms of repayment for term loans as set out below :

(Amount in ₹)

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

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

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

Vehicle loan:

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



## S.A.L. STEEL LIMITED

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

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

#### Unsecured Borrowings:

##### (a) Deferred sales tax liability :

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

##### (b) Loans and advances from related parties:

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

(Amount in ₹)

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

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

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

#### Nature of security provided for short term borrowings:

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

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



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

(Amount in ₹)

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

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

**Loans and Advances from Related Parties:**

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

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

\* 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.

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

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


**S.A.L. STEEL LIMITED**
**Notes forming part of the financial statements [Contd...]**
**Note 12: Fixed Assets**
**(Amount in ₹)**

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

**INTANGIBLE ASSETS :**
**(Amount in ₹)**

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


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

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

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

(Amount in ₹)

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

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

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

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



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

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

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

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

**(B) Commitment:**

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

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





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

(Amount in ₹)

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

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

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

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



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

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

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

**Defined contribution plan:**

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

**Defined Benefit Plan:**

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

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

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



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

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

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

III. Reconciliation of fair value of assets and obligation:

(Amount in ₹)

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

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

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

V. Investment details:

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

VI. Actuarial assumptions:

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

**Notes forming part of the financial statements [Contd...]****VII Amount for the current and previous four periods are as follows:-****(Amount in ₹)**

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

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

On the basis of previous year's trend company is expecting to contribute the same amount as in 2013-14 ( ₹ 19,45,678/-) to the defined contribution plan.

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

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

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



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

(Amount in ₹)

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

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

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

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

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

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

**31 RELATED PARTY DISCLOSURES**

(a) List of Related Parties and Relationships:

i. Concern where significant interest exists.

**Name of the Concern**

Shah Alloys Limited  
SAL Care Private Limited  
SAL Corporation Private Limited

**Nature of Relationship**

Promoter Group company  
Promoter Group company  
Promoter Group company

ii. Key Management Personnel and Relatives:

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



## Disclosure of Related Party Transactions

(Amount in ₹)

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

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

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

## 34. EARNINGS PER SHARE:

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

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

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

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



## S.A.L. STEEL LIMITED

### 37 Information regarding stock:

#### Capacity:

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

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

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

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

#### TURNOVER (Gross) (Net of Return):

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

#### OPENING AND CLOSING STOCKS:

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



**WORK IN PROGRESS:**

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

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

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

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

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

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

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

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

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

**Signatures to Notes - 1 to 40.**

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

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

**Umesh Talati**  
Partner  
Membership No. 034834

Place : Ahmedabad  
Date : May 5, 2015

For and on behalf of the Board of Directors

**Rajendra V. Shah** Chairman

**Sujal A Shah** Director

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

**Anil Pandya** Director



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

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

CIN: L29199GJ2003PLC043148

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

**ATTENDANCE SLIP**

<b>DP ID*</b>	<b>Folio</b>
<b>Client ID*</b>	<b>No. of Shares</b>

**NAME AND ADDRESS OF THE SHAREHOLDER**

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

\_\_\_\_\_  
Signature of the Shareholder | Proxy

\* Applicable for investors holding shares in electronic form.

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

CIN: L29199GJ2003PLC043148

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

**Form No. MGT- 11**

**PROXY FORM**

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

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

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

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

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, 24<sup>th</sup> September, 2015 at at 10:30 a.m. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

**S.NO Resolutions**

**Ordinary Business**

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

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
Signature of first proxyholder

\_\_\_\_\_  
Signature of Second proxyholder

\_\_\_\_\_  
Signature of Third proxyholder

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





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

If undelivered please return to:

**ADMINISTRATIVE OFFICE**

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

annual report  
2015-2016

annual report  
**2015-2016**



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



**BOARD OF DIRECTORS**

Shri Rajendra V. Shah	<i>Chairman</i>
Shri Sujal Shah	<i>Whole Time Director</i>
Shri Babulal M. Singhal	<i>Whole Time Director</i>
Shri Anil Kumar Pandya	<i>Whole Time Director</i>
Shri Ambalal C. Patel	<i>Independent Director</i>
Shri Jethalal M. Shah	<i>Independent Director</i>
Shri Tejpal S Shah	<i>Independent Director</i>
Shri Harshad M Shah	<i>Independent Director</i>
Shri Shrikant Jhaveri	<i>Independent Director</i>
Smt. Shefaliben M. Patel	<i>Independent Director</i>

**CHIEF FINANCIAL OFFICER**

Shri Babulal M. Singhal

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

Shri Nirajkumar Jain

**AUDIT COMMITTEE**

Shri Jethalal M. Shah, *Chairman*  
 Shri Ambalal C. Patel  
 Shri Harshad M. Shah  
 Shri Shrikant N. Jhaveri

**NOMINATION AND REMUNERATION COMMITTEE**

Shri Jethalal M. Shah, *Chairman*  
 Shri Ambalal C. Patel  
 Shri Harshad M. Shah

**STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Shri Jethalal M. Shah, *Chairman*  
 Shri Ambalal C. Patel  
 Shri Harshad M. Shah

**REGISTERED OFFICE**

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

**ADMINISTRATIVE OFFICE**

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

**PLANT**

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

**STATUTORY AUDITORS**

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

**SECRETARIAL AUDITORS**

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

**REGISTRAR AND SHARE TRANSFER AGENTS**

Karvy Computershare Pvt Ltd.  
Karvy Selenium Tower B, Plot no. 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad 500 032  
Phone: 91-040-67162222  
Fax: 91-040-23001153  
Toll Free no.: 1800-345-4001  
E-mail: varghese1@karvy.com  
Website: www.karvycomputershare.com

**BANKERS TO THE COMPANY**

ICICI Bank

*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 13<sup>th</sup> Annual General Meeting of the Members of **S.A.L. STEEL LIMITED** will be held on Saturday, 24<sup>th</sup> September, 2016 at 09:30 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 31<sup>st</sup> 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 Babulal M. Singhal (DIN 01484213), 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 Shah Alloys Limited for sale of power, materials and services and purchase of material from Shah Alloys 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 Shah Alloys 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 ₹ 60,000/- 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, 16<sup>th</sup> September, 2016 to Saturday, 24<sup>th</sup> 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 31<sup>st</sup> March, 2016 is uploaded on the Company's website [www.salsteel.co.in](http://www.salsteel.co.in) and may be accessed by the members and also on the website of the Bombay Stock Exchange Ltd. [www.bseindia.com](http://www.bseindia.com) and on the website of the National Stock Exchange [www.nseindia.com](http://www.nseindia.com).
15. Electronic copy of the Annual Report for 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:-**

**SECTION A: E-VOTING PROCESS:**

1. To use <https://evoting.karvy.com> URL for e-voting:
2. Enter the login credentials i.e., user id and password mentioned. Your Folio No/DP ID Client ID will be your user ID.
3. After entering the details appropriately, click on LOGIN.
4. If you are holding shares in demat form and had logged on to [www.evoting.karvy.com](http://www.evoting.karvy.com) and voted on an earlier voting of any Company, then your existing password is to be used.
5. If you are a first time user, use below mentioned User ID and Password.  
Once, you will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it.  
Kindly note that it is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. You need to login again with the new credentials.
7. On successful login, the system will prompt you to select the EVENT i.e., S.A.L. Steel Ltd.
8. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR" / Against as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option ABSTAIN in case you wish to abstain from voting.
9. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
10. On the voting page, you will see Resolution description and against the same the option 'YES/NO' for voting.  
Select the relevant option as desired YES or NO and click on submit.
11. Click on the Resolution File Link if you wish to view the Notice.
12. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.





## S.A.L. STEEL LIMITED

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

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

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 read with Regulation 44 of SEBI (LODR), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote at the 13<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Ltd.
2. The voting period begins on 21.09.2016 at 10 a.m. and ends on 23.09.2016 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of 17.09.2016 may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
4. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
5. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [www.karvycomputershare.com](mailto:www.karvycomputershare.com) OR write an e-mail to [varghese1@karvy.com](mailto:varghese1@karvy.com)
6. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 17.09.2016, may obtain the login ID and password by sending a request at [www.karvycomputershare.com](http://www.karvycomputershare.com).
8. CS Kamlesh M Shah, Practicing Company Secretary (Membership No. ACS 8356, CP No: 2072) (Address: 801-A, 8th Floor, Mahalaya Complex, Opp. Hotel President, B/H. Fairdeal House, Swastik Cross Roads, Off. C.G.Road, Navrangpura, Ahmedabad: 380009) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
9. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit forth with to the Chairman of the Company.
10. The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.salsteel.co.in](http://www.salsteel.co.in) within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
11. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
12. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail [ksshah@yahoo.com](mailto:ksshah@yahoo.com).
13. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding Karvy e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
14. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. Varghese P A of Karvy Computershare Pvt. Ltd at 040-44655000 or at 1800 345 4001 (toll free).

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

**By order of the Board**

**Date :** 30<sup>th</sup> May 2016

**Place :** Santej

**Registered Office:**

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

**CIN:** L29199GJ2003PLC043148

**Nirajkumar Jain**  
**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 2<sup>nd</sup> September, 2015 (the "said circular"), introduced the regulations called the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [herein after "SEBI (LODR)"]. As per regulation 23 (4) of the SEBI (LODR), all material related party transactions shall require approval of the shareholders through resolution in the General Meeting. 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:

**For financial year 2015-16**

Name of the related party	Relation with the Company	Purpose of related party transaction	Amount(₹)
Shah Alloys Limited	Promoter Company	Sale of Power	28,68,71,000
		Sale of Material	57,50,69,412
		Purchase 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 (Apprx. ₹ in Crores)
Shah Alloys Limited	Promoter Company	Sale of Power & Material	150.00
		Purchase of Material	10.00

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

Company was promoted by Shah Alloys Limited in 2003 and is having 35.61% equity holding in the Company. The Project is backward integration project since finished product of the Company is raw material for the Shah Alloys Limited. Further, Company has installed group captive power plant 40 MW. Excess power is wheeled to Shah Alloys Limited for its power requirement. On account of above, Shah Alloys is purchasing finished product of Company and also power generated by group captive power plant. Company purchases various materials from Shah Alloys Limited for maintenance of its plant and other purposes. Transactions made with Shah Alloys Limited are at Arms' length basis. The information is given pursuant to the provisions of Regulation 23 of SEBI (LODR) Regulations 2015 since the value of transactions with SAL Steel Ltd. exceeds 10% of the total turnover of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution 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 31<sup>st</sup> March, 2017 at the remuneration of ₹ 60,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, 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. The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the shareholders.

**By order of the Board****Date :** 30<sup>th</sup> May 2016**Place :** Santej**Registered Office:**

5/1 Shreeji House,

B/h M.J. Library,

Ashram Road, Ahmedabad-380 006.

**CIN:** L29199GJ2003PLC043148**Nirajkumar Jain  
Company Secretary**



## S.A.L. STEEL LIMITED

Details of the directors seeking re-appointment in the 13<sup>th</sup> Annual General Meeting of the Company

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

<b>Name of Director</b>	<b>BABULAL SINGHAL</b>
<b>DIN</b>	01484213
<b>Date of Birth</b>	04.05.1957
<b>Date of Appointment</b>	19.06.2006
<b>Relationship with other Directors Inter se</b>	None
<b>Profile &amp; Expertise in Specific functional Areas</b>	Being a Chartered accountant, has expertise in matters involving accounts, taxation, banking, finance etc and has 35 years of experience in his carrier.
<b>Qualification</b>	C.A., B. Com.
<b>No. of Equity Shares held in the Company</b>	NIL
<b>List of other Companies in which Directorships are held</b>	NIL
<b>List of committees of Board of Directors (across all other Companies) in which Chairmanship/ Membership is held</b>	NIL

**DIRECTORS' REPORT**

Dear Members,

Your Directors pleased to present the 13<sup>th</sup> Annual Report of your company on the operations and performance along with the Audited Financial Statements for the year ended on 31<sup>st</sup> March 2016.

**FINANCIAL HIGHLIGHTS**

₹ In Lacs

Particulars	March 31, 2016	March 31, 2015
Total Revenues	33819.36	36604.09
Total Expenditure	31439.10	33929.35
Profit before interest depreciation, extraordinary item and tax	2380.26	2674.74
Depreciation and Interest	2086.86	3865.76
Profit / (Loss) before extraordinary item and tax	293.40	(1191.02)
Extraordinary item	3170.24	4748.72
Profit / (Loss) before tax	(2876.84)	(5939.74)
Tax Expense / Deferred tax	Nil	1644.16
Net Profit / (Loss) for the year	(2876.84)	(7583.90)
Profit / (Loss) Brought forward from last year	(12812.85)*	(5175.09)
Balance Carried forward	(15689.69)	(12812.85)*

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

**STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW**

During the year under review Net Turnover of the Company has been decreased from ₹ 36604.09 lacs to ₹ 33819.36 lacs as compared to previous year's turnover. Company has registered a net loss of ₹ 2876.84 lacs in comparison to the loss of ₹ 7583.90 lacs during previous year. Company had approached Hon'ble BIFR for declaring it sick undertaking pursuant to provisions of Section 3 (1) (o) of SICA. Application of the company has been registered in August 2015. Matter is pending before Hon'ble Bench of BIFR. All banks have transferred their debts to ARCs and Company is in the process of settling debts with ARCs.

**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 manufacture of sponge iron, ferro alloys, MS & SS Angle and power. Company is generating power on account of waste heat recovery system resulting economic price. Company is having its power plant of 40 MW. Power generated is used for captive consumption and surplus power is sold resulting profit. There has been no change in the nature of business of the Company.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture / associate. The Company is an Associate Company of M/s Shah Alloys Limited as it is holding more than 20% of the Equity Share Capital in the Company as a Promoter Company.

**DEPOSIT**

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

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

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

**REGULATORY STATEMENT**

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



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

### **DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION**

During the year under review there is no change in the Composition of the Board or KMPs.

### **MEETINGS OF THE BOARD**

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

### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received necessary declarations from each Independent Director of the Company confirming that he/she 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 - 1**.

### **RISK MANAGEMENT POLICY**

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

### **VIGIL MECHANISM POLICY**

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

### **CORPORATE SOCIAL RESPONSIBILITY**

Company is loss making unit and hence provisions related to CSR is presently not applicable.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 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.salsteel.co.in](http://www.salsteel.co.in)

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

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

#### **PARTICULARS OF THE EMPLOYEES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure- 2**. 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 PURSUANT TO SECTION 188(1) OF THE COMPANIES ACT, 2013**

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

#### **STATUTORY AUDITORS**

Members at its 12<sup>th</sup> 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 13<sup>th</sup> 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 31<sup>st</sup> 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 thereunder, the Board of Directors has appointed M/s Kamlesh Shah & Co., Practicing Company Secretaries, as Secretarial Auditor to conduct Secretarial Audit of the Company for the Financial Year 2015-16. The report submitted by the Secretarial Auditor in Form MR-3 is attached to this report as **Annexure - 4**. The remark of secretarial auditor is self explanatory in nature.



## S.A.L. STEEL LIMITED

### 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 as under:

#### Basis for Qualified Opinion – Para 1

Company has paid the capital advances in earlier years for total amounting ₹ 9,41,22,080 which are currently shown under long term loans and advances to the suppliers for the supply of customized equipments based on our specific design and requirements. The machines are manufactured and ready for dispatch but Company does not have further funds to pay balance amount to lift the machines. However, the Management is trying to recover such advances from the suppliers fully subject to provisions made in the books of accounts of ₹ 1,69,32,523. At present amount of loss is not quantifiable.

#### Annexure A to the Independent Auditors' Report – Para vii a

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

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

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

All the banks assigned debts to Assets Reconstruction Company (ARC). Company has made proposal for settlement with ARC. Company is actively negotiating with them for settlement of debts and expecting a settlement. Since matter is pending before Hon'ble BIFR and settlement proposals are under considerations.

#### 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 - 5**.

#### APPRECIATION

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

For and on behalf of the Board

Date : 30<sup>th</sup> May 2016  
Place : Santej

**Rajendra V. Shah**  
Chairman  
(DIN: 00020904)



**ANNEXURE - 1 TO THE DIRECTORS' REPORT**

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

(Statement pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with the Rule 8(3) of 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
<b>1</b>	<b>ELECTRICITY</b>		
	<b>(a) Purchased</b>		
	Unit (Kwh)	1300560	2796920
	Total Amount (₹)	37341897	44128702
	Rate / Unit (Rs)	28.71	15.78
	<b>(b) Own Generation</b>		
	(i) <i>Through Diesel Generator Unit (Kwh)</i>		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) <i>Through Steam Turbine / Generator Unit (Kwh)</i>	88907	76603
	Unit Per Kg of Lignite	0	0
	Cost Lignite / Unit (₹)	272	0
	Cost Coal / Unit (₹)	2529	2938
	Cost Coal & Lignite / Unit (₹)	2797	2938
<b>2</b>	<b>COAL (Including Coal Fines)</b>		
	Quantity (MT)	85835	81,306
	Total Cost (₹)	224,537,868	225,032,910
	Average Rate (₹)	2,616	2,768
<b>3</b>	<b>FURNACE OIL</b>		
	(used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
<b>4</b>	<b>OTHERS – LIGNITE</b>		
	(used in the generation of steam)		
	Quantity (K Tonns)	9210	Nil
	Total Cost (₹)	24,174,834	Nil
	Average Rate (₹)	2625	Nil

**(II) CONSUMTION PER M.T. OF PRODUCTION**

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





## S.A.L. STEEL LIMITED

### B. TECHNOLOGY ABSORPTION

Particulars	2015-16	2014-15
<b>(I) Research and Development (R &amp; D)</b>		
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		
<b>(II) Technology absorption, adaptation:</b>		
Company has not carried out research, development & innovation activities.		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL	NIL
2. Benefits derived as a result of the above efforts, e.g. product improvement, NIL cost reduction, product development, import substitution etc.	NIL	
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	NIL	NIL
a) Technology imported		
b) Year of import		
c) Has technology has been fully absorbed		
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.		

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lakhs)

Particulars	2015-16	2014-15
<b>1) EARNINGS &amp; OUTGO</b>		
a) Foreign Exchange earnings	19.44	Nil
b) Foreign Exchange outgo	4260.98	1496.41

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

For and on behalf of the Board

Date : 30<sup>th</sup> May 2016  
Place : Santej

**Rajendra V. Shah**  
Chairman  
(DIN: 00020904)



## ANNEXURE 2 TO THE DIRECTORS' REPORT

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

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

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

Sr. no.	Name of director / KMP	Designation	Remuneration paid in current year	Remuneration paid in previous year	Total cost of remuneration of the employees	Percentage remuneration of director to total cost of remuneration
1	Shri Sujal Shah	Whole Time Director	4,32,000	4,32,000	107096196	0.40
2	Shri Babulal Singhal	Director cum CFO	4,92,000	4,92,000	107096196	0.46
3	Shri Anil Pandya	Whole Time Director	4,80,000	4,80,000	107096196	0.45
4	Shri Nirajkumar Jain*	Company Secretary	1,92,487	N.A.	107096196	0.18

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

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

There was no increase in remuneration during the year 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 ₹ 1070.95 lacs as against ₹ 995.77 lacs in the previous year constituting a net increase of ₹ 75.20 lacs constituting 7.02%.

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

There were 330 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;

Particular	BSE	NSE
Closing Market Price of shares of Company as on 31/03/2015 :	₹ 1.75	₹ 1.70
Closing Market Price of shares of Company as on 31/03/2016 :	₹ 2.89	₹ 2.85
Earnings Per share for the financial year ended on 31/03/2015	₹ (3.34)	
Earnings per share for the financial year ended on 31/03/2016	₹ 0.35	

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



## S.A.L. STEEL LIMITED

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 ₹ 4.38/- and closed at ₹ 2.89/- at the end of the year. Company's EPS before extra ordinary items is 0.35 and hence PE Ratio is 0.07.

### 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;

39 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 : 30<sup>th</sup> May 2016

Place : Santej

## ANNEXURE 3 TO THE DIRECTORS' REPORT

### 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 1. Details of contracts or arrangements or transactions not at Arm's length basis.

Name (s) of the related party	Nature of transaction	Duration of the transaction	Salient terms of the transaction	Justification for transactions'	Date of approval by the Board	Amount paid as advances	Date of special resolution
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

#### 2 Details of material contracts or arrangement or transactions at arm's length basis

Name (s) of the related party	Nature of relationship	Nature of transaction	Duration of the transaction	Transactions value) in ₹	Date of approval by the Board	Amount paid as advances
Shah Alloys Limited	Promoter company	Sale of Power	April 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 required. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
		Sale of material		57,50,69,412		
		Purchase of material		1,05,12,873		

For and on behalf of the Board

**Rajendra V. Shah**  
Chairman  
(DIN: 00020904)

Date : 30<sup>th</sup> May 2016

Place : Santej



**ANNEXURE – 4 TO THE DIRECTORS' REPORT**  
**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 31<sup>st</sup> March, 2016**

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

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

Based on my verification of the records of **S.A.L. STEEL LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 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 **S.A.L. STEEL LIMITED** (CIN: L29199GJ2003PLC043148) 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;
- (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) As stated in the **Annexure – A** – all the laws, rules, regulations are applicable specifically to the company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India though it is applicable w.e.f 1<sup>st</sup> 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. mentioned above subject to the following observations.

**I further report that**

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



## S.A.L. STEEL LIMITED

### *National Stock Exchange.*

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

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

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

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

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

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

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

**Place : Ahmedabad  
Date : 26<sup>th</sup> 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 (is applicable).
2. The company has been disposing the hazardous waste as per applicable rules.

### *Taxation Laws*

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

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

**Place : Ahmedabad  
Date : 26<sup>th</sup> May 2016**

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

**ANNEXURE – 5 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	L29199GJ2003PLC043148
2	Registration date	06/11/2003
3	Name of the company	S A L STEEL LIMITED
4	Category/ sub-category of the company	Company limited by shares/ Indian Non Government Company
5	Address of the registered office and contact details	5/1 Shreeji House, 5 <sup>th</sup> Floor B/H M J Library Ashram Road Ahmedabad-380006 Gujarat
6	Whether listed company	YES
7	Name, address and contact details of registrar and transfer agent if any	KARVY COMPUTERSHARE PVT LTD. Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Phone: 91-040-67162222 Fax: 91-040-23001153 Toll Free no.: 1800-345-4001 <b>E-mail: varghese1@karvy.com</b> <b>Website:www.karvycomputershare.com</b>

**2) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

SL No	Name & Description of main products / services	NIC Code of the Product /service	% to total turnover of the company
1	SPONGE IRON	24102	69.24%
2	FERRO CHROME	24104	22.93%

**3) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

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



## S.A.L. STEEL LIMITED

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

#### i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year				No of Shares held at the end of the year				% Change during this year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) a) Indian/Individual/ HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt. (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	42959889	NIL	42959889	50.56%	42959889	NIL	42959889	50.56%	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-	42959889	NIL	42959889	50.56%	42959889	NIL	42959889	50.56%	NIL
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-Total shareholding of Promoter (A) = (A)(1)+(A)(2)	42959889	NIL	42959889	50.56%	42959889	NIL	42959889	50.56%	NIL
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	5000	NIL	5000	0.01%	5000	NIL	5000	0.01%	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	5000	NIL	5000	0.01%	5000	NIL	5000	0.01%	NIL
<b>2. Non-Institutions</b>									
a) Bodies Corp.	9728865	NIL	9728865	11.45%	9707133	NIL	9707133	11.42%	0.03
i) Indian									
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	21030978	59360	21090338	24.82	23986163	103310	24089473	28.35	3.53%
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	10837012	178700	10658312	12.75%	7713651	125000	7838651	9.23	3.52%
c) Others (TRUSTS, NON RESIDENT & CLEARING MEMBERS)	345596	NIL	345596	0.41%	366454	NIL	366454	0.43%	0.02%
Sub-total (B)(2):-	41763751	238060	42001811	49.43%	41762607	239204	42006811	49.43%	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	41768751	238060	42006811	49.44%	41767607	239204	42006811	49.44%	NIL
<b>C. shares held by custodian for GDRs &amp; ADRs</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>GRAND TOTAL (A+B+C)</b>	<b>84728640</b>	<b>238060</b>	<b>84966700</b>	<b>100.00</b>	<b>84727496</b>	<b>239204</b>	<b>84966700</b>	<b>100.00</b>	<b>NIL</b>


**(ii) Shareholding of promoters**

Name of promoter	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
Shah alloys ltd.	30256989	35.61	30256989	30256989	35.61	30256989	NIL
Sal Care Pvt. Ltd.	12702900	14.95	12702900	12702900	14.95	12702900	NIL
Total	42959889	50.56	42959889	42959889	50.56	50.56	NIL

**(iii) Change in Promoter's Shareholding**

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

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

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Satellite Mercantiles Pvt Ltd.	3566638	4.20	3566638	4.20
2	Gujarat NRE Coke Ltd.	2737682	3.22	2737682	3.22
3	Gujarat NRE Mineral Resources Ltd.	1445633	1.70	1445633	1.70
4	Ashvin V Shah	377000	0.44	377000	0.44
5	Shah Jayeshkumar Vijaykumar	304936	0.36	304936	0.36
6	Jayesh Vijaykumar Shah	278412	0.33	278412	0.33
7	Shah Monal Jayeshkumar	261415	0.37	261415	0.31
8	Pankaj Kumar Ramavat	100000	0.12	221628	0.26
9	Jainam Share Consultants Pvt. Ltd.	211380	0.25	214289	0.25
10	Ambition Merchants Pvt. Ltd.	2718	0.00	174834	0.21
	<b>Total</b>	<b>9285814</b>	<b>10.99</b>	<b>9582467</b>	<b>11.28</b>





## S.A.L. STEEL LIMITED

### 6) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

### 7) INDEBTEDNESS

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

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1720749023	134920537	-	1855669560
ii) Interest due but not paid	606722338	-	-	606722338
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	2327471361	134920537	-	2462391898
<b>Change in Indebtedness during the financial year</b>				
* Addition	115504383	-	-	115504383
* Reduction	-	116236204	-	116236204
<b>Net Change</b>	115504383	(116236204)	-	(731821)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1720749023	18684333	-	1739433356
ii) Interest due but not paid	722226721	-	-	722226721
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	2442975744	18684333	-	2461660077

### 8) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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



b. Remuneration to other directors:

Particulars of Remuneration	Name of Directors						
	Shri A.C. Patel	Shri Tejpal S. Shah	Shri Harshad M. Shah	Shri Jethalal M. Shah	Shri Shrikant N Jhaveri	Smt. Shefali M. Patel	Total Amount ₹
Fee for attending board / committee meetings	45,000	25,000	45,000	45,000	45,000	15,000	2,20,000
Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others, please specify							
<b>Total</b>	45,000	25,000	45,000	45,000	45,000	15,000	2,20,000
Overall Ceiling as per the Act	Ceiling for sitting fee as per Section 197 (5) read with Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is Rs. 1,00,000/- per meeting of Board/Committee						

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

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		CS	CFO/CEO	
		Shri Nirajkumar Jain		
1	Gross salary	1,92,487	N.A.	1,92,487
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.
	<b>Total</b>	1,92,487	N.A.	1,92,487

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



## CORPORATE GOVERNANCE REPORT

[Pursuant to Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 “Listing Regulations”] Detailed report on Corporate Governance for the financial year ended March 31, 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 other Directorships held	Committee Memberships held in other companies		Attendance at Last AGM
		Held during the year	Attended during the Year		as member	as Chairman	
<b>NON-EXECUTIVE DIRECTOR</b>							
Shri Rajendra V. Shah	Promoter Non- Executive Chairman	5	5	1	1	Nil	Yes
<b>EXECUTIVE DIRECTORS</b>							
Shri Sujal Shah	Non Promoter Executive Director	5	4	Nil	Nil	Nil	Yes
Shri Babulal Singhal	Non Promoter Wholetime Director	5	5	Nil	Nil	Nil	Yes
Shri Anil Pandya	Non Promoter Wholetime Director	5	5	Nil	Nil	Nil	No
<b>INDEPENDENT DIRECTORS</b>							
Shri Ambalal C. Patel	Non – Executive & Independent	5	5	8	7	4	Yes
Shri Harshad M. Shah	Non-Executive & Independent	5	5	1	1	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	5	5	1	2	Nil	No
Shri Jethalal M. Shah	Non-Executive & Independent	5	5	Nil	Nil	Nil	Yes
Shri Shrikant N. Jhaveri	Non-Executive & Independent	5	5	Nil	Nil	Nil	Yes
Smt. Shefali M. Patel	Non-Executive & Independent	4	4	1	Nil	Nil	Yes

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

**MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year, the Board met 5 times:

- May 22, 2015
- July 13, 2015
- August 13, 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 Ambalal C. Patel, Independent Director of the Company held 69,000 shares in the equity share capital of the Company. None of the other Non-Executive Directors hold any equity shares in the Company.

**DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS**

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

**3. COMMITTEES OF THE BOARD**

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

The various Board level Committees are as under:-

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

**AUDIT COMMITTEE:**

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

The Audit Committee comprises of four non-executive Directors and all of them are Independent Directors. During the period under review, four Audit Committee meetings were held respectively on 22.05.2015, 13.08.2015, 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 Jethabhai M. Shah	Chairman	4	4
Shri Ambalal C. Patel	Member	4	4
Shri Harshad M. Shah	Member	4	4
Shri Shrikant N. Jhaveri	Member	4	4

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

**4. NOMINATION AND REMUNERATION COMMITTEE:**

The Remuneration Committee comprises of three independent Non-executive directors

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 Jethabhai M. Shah	Chairman	3	3
Shri Ambalal C. Patel	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.

**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 Sujal A. Shah	Nil	4,32,000	Nil	4,32,000
Shri Babulal M. Singhal	Nil	4,92,000	Nil	4,92,000
Shri Anilkumar Pandya	Nil	4,80,000	Nil	4,80,000
Shri Ambalal C. Patel	45,000	Nil	Nil	45,000
Shri Tejpal S. Shah	25,000	Nil	Nil	25,000
Shri Harshad M. Shah	45,000	Nil	Nil	45,000
Shri Jethalal M. Shah	45,000	Nil	Nil	45,000
Shri Shrikant N. Jhaveri	45,000	Nil	Nil	45,000
Smt. Shefali M. Patel (w.e.f. 13.07.2015)	15,000	Nil	Nil	15,000

**6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:**

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

During the period under review, 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 Jethabhai M. Shah	Chairman	3	3
Shri Ambalal C. Patel	Member	3	3
Shri Harshad M. Shah	Member	3	3

**Name and designation of Compliance Officer**

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

**Details of Shareholders Complaints**

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

No. of shareholders' complaints received during the year	: Nil
No. of complaints not resolved to the satisfaction of shareholders	: Nil
No. of pending Complaints	: Nil
No. of complaints resolved during the year	: Nil

**7. GENERAL BODY MEETING****Date, Time and Venue of the last three Annual General Meetings:**

Year	Date	Time	Venue	No. of Special Resolution Passed
2012-13	September 24 <sup>th</sup> , 2013	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2013-14	September 24 <sup>th</sup> , 2014.	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	1
2014-15	September 24 <sup>th</sup> , 2015.	10:30 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0

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

**8. MEANS OF COMMUNICATION**

- a. All Quarterly / Annual financial results are immediately sent to stock exchanges after being taken on record by the Board.
- b. As per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- c. The Company's website [www.salsteel.co.in](http://www.salsteel.co.in) contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

**9. GENERAL SHAREHOLDERS INFORMATION**

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

**a) Annual General Meeting.**

**Date** : 24<sup>th</sup> September, 2016

**Time** : 9:30 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 1<sup>st</sup> April each year and ends on 31<sup>st</sup> March of every succeeding year.



## S.A.L. STEEL LIMITED

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 30<sup>th</sup> June 2016 : By 14<sup>th</sup> August 2016

Quarter ending 30<sup>th</sup> September 2016 : By 14<sup>th</sup> November 2016

Quarter ending 31<sup>st</sup> December 2016 : By 14<sup>th</sup> February 2017

Quarter ending 31<sup>st</sup> March 2017 : By 30<sup>th</sup> 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* : 532604

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

“Exchange Plaza”, Bandra Kurla Complex, Bandra (E), Mumbai – 400051

*NSE Symbol* : SALSTEEL

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

**Demat ISIN No. for NSDL and CDSL** : INE658G01014

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

*Scrip Code* : 532604

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

*NSE Symbol* : SALSTEEL

f) **Share Price Data**

(₹ per share)

Month	Price at BSE		Price at NSE	
	<i>Month's High Price</i>	<i>Month's Low Price</i>	<i>Month's High Price</i>	<i>Month's Low Price</i>
Apr' 15	2.29	1.64	2.45	1.60
May' 15	2.18	1.65	2.20	1.65
June' 15	2.35	1.53	1.95	1.45
July' 15	2.34	1.70	2.20	1.70
Aug' 15	2.10	1.52	2.20	1.55
Sept' 15	2.09	1.52	2.10	1.40
Oct' 15	2.10	1.65	1.95	1.50
Nov' 15	2.59	1.31	2.55	1.50
Dec' 15	3.64	1.82	3.65	1.80
Jan' 16	3.49	2.48	3.50	2.45
Feb' 16	4.38	2.44	4.35	2.40
Mar' 16	3.49	2.33	3.20	2.50

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

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



Name : Karvy Computershare Private Limited  
 Address : Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, - 500 032.  
 Phone : 91-040-67162222  
 Fax : 91-040-23001153  
 Toll Free no. : 1800-345-4001  
 Email : varghese1@karvy.com  
 Website : www.karvycomputershare.com

**h) Share Transfer System**

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

**i) Shareholding pattern as on 31<sup>st</sup> March, 2016**

Category	No. of Shares	%
Promoters	42959889	50.56
Clearing Members	23634	0.03
Indian Public	29668899	34.92
Domestic Companies	9707133	11.42
Nationalized Bank/ Insurance Company / NBFC	5100	0.01
NRI	342320	0.40
Trust	500	0.00
HUF	2259225	2.66
<b>Total</b>	<b>84966700</b>	<b>100.00</b>

**Distribution of shareholding as on 31<sup>st</sup> March, 2016**

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 5000	5271053	6.20	20435	69.53
5001 - 10000	3961233	4.66	4437	15.10
10001 - 20000	3367105	3.96	2069	7.04
20001 - 30000	2059262	2.42	781	2.66
30001 - 40000	1323143	1.56	361	1.23
40001 - 50000	1886084	2.22	394	1.34
50001 - 100000	3773632	4.44	499	1.70
100001 & above	63325188	74.53	412	1.40
<b>Total</b>	<b>84966700</b>	<b>100.00</b>	<b>29388</b>	<b>100.00</b>

**j) Dematerialization of Shares and Liquidity**

On March 31<sup>st</sup> 2016, nearly 99.73% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized.





## S.A.L. STEEL LIMITED

### k) Plant Location:

The Company's plant is located at: Survey No. 245, Village Bharapar, Tal. Gandhidham, Dist. Kutch, Gujarat

### l) Registered & Administrative Offices:

#### Registered Office

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

#### Administrative Office:

SAL 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** : Nirajkumar V. Jain, Company Secretary cum Compliance officer

**Address** : S.A.L. Steel Limited, Shah Alloys Corporate House, Sola - Kalol Road, Santej, Dist. Gandhinagar, Gujarat 382 721

**Phone** : 91-02764-661100/11

**Fax** : 91-02764-661110

**Email** : sal.investor@salsteel.co.in

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

**Name** : Karvy Computershare Private Limited

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

**Phone** : 91-040-67162222

**Fax** : 91-040-23001153

**Toll Free no.:** 1800-345-4001

**Email** : varghese1@karvy.com

**Website** : www.karvycomputershare.com

## OTHER DISCLOSURES :

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

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

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

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

The Company has formulated the policy on materiality of related party transactions and on dealing with related party transactions and it is available at the website of the Company at: <http://www.salsteel.co.in>.

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

Pursuant to Section 149 of the Companies Act, 2013 and erstwhile Clause 49 of Listing agreement, Company delayed in the appointment of women director on the Board and accordingly BSE and NSE imposed penalty on the Company in the Financial Year 2015-16.

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

The Company has implemented a Vigil Mechanism Policy, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance to code of conduct to the Company. The policy safeguards the 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**

We, Anil Pandya, Whole Time Director & Babulal M. Singhal, Whole Time Director & CFO of the Company, hereby certify that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchange. The Board has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company. All Board members and senior management personnel have affirmed their compliance with the code of conduct for the current year.

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 30<sup>th</sup> May 2016.

**For S.A.L Steel Limited**

**Place :** Santej  
**Date :** 30.05.2016

**Anil Pandya**  
**Whole time Director**  
**(DIN 02453919)**

**Babulal M. Singhal**  
**Whole Time Director & CFO**  
**(DIN 01484213)**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
**S.A.L. STEEL LIMITED**

We have examined the compliance of conditions of Corporate Governance by S.A.L.Steel Limited ('the Company'), for the year ended 31<sup>st</sup> March ,2016 as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1<sup>st</sup> April 2015 to 30<sup>th</sup> 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 1<sup>st</sup> December, 2015 to 31<sup>st</sup> 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

**Place :** Gandhinagar  
**Date :** 30/05/2016

**Kiran Kumar Patel**  
Company Secretary  
CP No. 6352

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

India's sponge iron industry has sustained secondary steel producers who use electric arc furnaces or induction furnaces to make steel. Sponge iron has in fact become a perfect substitute for scrap. This route of steel making has led to multiple manufacturing units of steel in small capacities across the country as against conventional integrated steel plants.

Country has about 500 coal based sponge iron plants with a capacity ranging from 30000 tpa to 1.3 million tons per annum. SAL sponge iron is a coal based plant. Sponge iron plants capacity utilization levels has been low this year due to poor demand for steel. During the year iron ore availability of sponge iron increased considerably, as a few iron ore mines restarted. This has resulted in keeping iron ore prices low.

The company operates two rotary kilns with installed capacity of 100 TPD and 500 TPD. Company has its customer base mainly in western Region in India and export market. The waste gas from sponge making kilns has significant energy in the form of heat. This energy is recovered in waste heat recovery boilers to generate steam, which then passes through generator for producing power. Company has two waster heat recovery boilers of 53.2 TPH and 10.3 TPH. Combined capacity of power plant is 40 MW. Surplus power is sold by way of wheeling to Shah Alloys Ltd. being promoter of SAL Steel.

Iron ore and coal are two important raw materials in production of sponge iron. Iron ore and pellets was procured indigenously and some time imported. Coal was sourced mostly from overseas markets.

Sponge iron industry appears to be in a state of stress for financial reasons as well as demand slowdown. Slowdown in growth rate of steel and addition of capacities by integrated steel plant will keep the demand of sponge iron subdued. Measures taken by the Government to encourage infrastructure development and housing will impact favourably to sponge iron and steel industry together.

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

**OPPORTUNITIES AND THREAT****Opportunities:**

The secondary steel industry consisting of IF (Induction Furnace) & EAF (Electric Arc Furnace) constitute almost 57% of the steel produced during 2015-16. As steel demand in the country grows, it is expected that the share of secondary steel industry will stay above 50% due to issues related to land acquisition and long gestation period in putting up big steel plants. As per Joint Parliamentary Committee ("JPC") the projected sponge iron requirement during 2019-20 is expected at 32.0 Million tonnes. It is also expected that more merchant sponge iron plants will plan for forward integration and move up the value chain.

**Threats:**

Iron ore and coal constitute more than 75% of cost of production. Therefore the profitability of the Company depends on market price of these raw materials vis-à-vis price of sponge iron. Slowdown in the world steel industry, increase in import of steel melting scrap on account of lower import duty and capacity addition of integrated steel plants, have resulted in pressure on margins. Sluggish demand for finished steel products amid stubborn iron ore rates in the domestic market is giving sponge iron producers a tough time.

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Production of sponge iron during the year was 1,53,646 MT as compared to 1,34,076 MT in the previous year. Production of Ferro Chrome was 12,339 MT as compared to 8,211.490 MT in the previous year.

Accordingly, sales for sponge iron during the year was 1,52,286.140 MT as compared to 1,33,277.790 MT in the previous year. Production and sales quantity was increased by 14.60% and 14.26% respectively compared to previous year. Sales for Ferro Chrome during the year was 11,885.625 MT as compared to 8,248.010 MT in the previous year. Production and sales quantity was increased by 50.27% and 44.10% respectively compared to previous year.

Company has a power generation plant of 40 MW. During the year 71,717.750 MWH of power was sold by way of wheeling as against 50,485.495 in the previous year.

During the year under review Net Turnover of the Company has been decreased from ₹ 36604.09 lacs to ₹ 33819.36 lacs as compared to previous year's turnover. Company has registered a net loss of Rs 2876.84 lacs in comparison to the loss of ₹ 7583.90 lacs during previous year.

Company had approached Hon'ble BIFR for declaring it sick undertaking pursuant to provisions of Section 3 (1) (o) of SICA. Application of the company has been registered in August 2015. Matter is pending before Hon'ble Bench of BIFR. All banks have transferred their debts to ARCs and Company is in the process of settling debts with ARCs.

**OUTLOOK**

The industry appears to be in a state of stress for financial reasons as well as for demand slowdown. Slowdown in growth rate of steel and addition of capacities by integrated steel plant will keep the demand of sponge iron subdued. The Government of India has announced measures to encourage infrastructure development and housing. These measures and resultant investments is expected to impact favourably the sponge iron and steel industry together.

The Company is currently engaged in sustenance and improvement of current operations by enhancing operating efficiencies.

**RISK AND CONCERNS**

The process of Risk Management in the company identifies inherent risks in its operations and records residual risk after taking specific risk mitigation steps. The company has identified and categorized risks in the areas of Operations, Finance, Marketing, Regulatory Compliances and Corporate matter.

The volatility in price of sponge iron, excess supply of sponge iron in the market will have an effect of squeezing margins and poses risk to the profitability. New customers, new market and cost reduction have been identified as the mitigation measures.

Also, the enforcement of recent Tariff policy guidelines on power by Government of India that requires the State Electricity Regulatory Commission to ascertain sale price of power based on cost of generation will have an impact on the revenue from export of power.

Fluctuation of import coal price, increase in USD-INR exchange rate, may lead to increase in cost of production. This is mitigated by continuous evaluation of international coal price vis-à-vis Indian coal price and accordingly the action plan for procurement has been formulated.

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

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

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company is working on enhancing its competencies to take care of current and future business. Its employee strength as on March 31, 2016 was 330. Human Resource and Industrial Relations departments have developed systems and policies on recruitment, performance management, learning and development, and employee engagement. The Workers union of the Company has maintained healthy and cordial industrial relations, and has been an equal partner in implementing Company's policies and achieving stretched operational targets, year on year.

**CAUTIONARY NOTE**

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

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of S.A.L STEEL Limited ('the Company'), which comprise the Balance sheet as at March 31, 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. *Management is of the view that they do not anticipate execution of its ongoing capital projects. However, the Company has not made adequate provision towards recovery of capital advances for the said project for the amount of ₹9,41,22,080/- which are currently shown under Long term loans and advances. The consequential impact of adjustment, if any, on the actual realization of said advances on the financial statements is currently not ascertainable. Therefore, we are unable to comment on its consequential financial impact, if any, on the financial statements.*

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss for the year ended March 31, 2016 and its cash flows for the year ended on that date.

**Emphasis of Matters**

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

1. Note 26 to the financial statements which describes that the Non disclosure of Reportable Segments as required under Accounting Standard – 17 'Segment Reporting', there is no impact on the Statement of Profit and Loss due to non disclosure.



2. During the year, the Company has accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred a net loss during the current and previous year(s) and, the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note 28 to the financial statements.
3. Assignment of dues for various facilities provided to the company by banks to Invent Assets Securitization and Reconstruction Private Limited as per Note 29 to the financial statements.
4. During the year ended 31<sup>st</sup> 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 ₹ 31,70,24,474/- as per Note 30 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.
5. Note 27 to the Financials regarding the 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 24<sup>th</sup> August 2015 has registered the reference filed by the company vide case no 109/2015.

Our opinion is not modified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance sheet, the Statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above , in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) The going concern matter as described in sub-paragraph (2) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) On the basis of the written representations received from the directors as on March 31, 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 18A to the financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Place : Ahmedabad**  
**Date : May 30, 2016**

**Umesh Talati**  
**Partner**  
**Mem No. : 034834**



## S.A.L. STEEL LIMITED

### Annexure A to Independent Auditors' Report

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

- i) In respect of its Fixed Assets:
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
  - b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
  - c) According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of the immovable properties held are in the name of the company.
- ii) In respect of its inventories:
 

As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) In respect of Loans, Secured or Unsecured granted by the company to companies, firms, Limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013:
 

According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies, Limited liability partnership or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) & (c) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company.
- iv) The Company has complied with the provision of Section 185 & 186 of Companies Act, 2013 with respect of loans, investments and guaranty made.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records as specified under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of the Statutory dues:
  - a) *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 31<sup>st</sup> March, 2016 for a period of more than six months from the date of becoming payable.*
  - b) *On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues of ₹ 25,73,86,625/- have not been deposited as on 31<sup>st</sup> 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 under dispute not yet deposited (in ₹)
1	Central Excise Act, 1944	Central Excise Duty	2006-07	Appellate Tribunal Ahmedabad	5,55,781
2	Central Excise Act, 1944	Central Excise Duty	2008-09	Appellate Tribunal Ahmedabad	10,41,057
3	Custom Act, 1962	Custom Duty	2011-12	Appellate Tribunal Ahmedabad	2,41,79,202
4	Central Excise Act, 1944	Central Excise Duty	2012-13	Appellate Tribunal Ahmedabad	4,49,84,993
5	Gujarat Value Added Tax Act 2003	Value Added Tax	2006-07	Jt. Value Added Tax Commissioner (Appeal)	3,65,63,595
6	Central Excise Act, 1944	Central Excise Duty	2008-09 to 2010-11	Supreme Court	5,90,14,068
7	Central Service Tax Act, 1994	Service Tax Duty	2009-10	Service Tax Commissioner	25,36,074
8	Central Excise Act, 1944	Central Excise Duty	2005-06 to Sep 2014	Central Excise Commissioner	6,26,28,410
9.	Central Excise Act, 1944	Central Excise Duty	2012-13	Central Excise Commissioner	80,11,535
10.	Gujarat Value Added Tax Act 2003	Value Added Tax	2011-12	Jt. Value Added Tax Commissioner (Appeal)	1,78,71,910



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

NAME OF THE BANK	NATURE OF FACILITY	Amount (in ₹) of Default as at 31-03-2016	Period Of Default (No of Days)
Union Bank Of India	Term Loan	41,71,00,000	1 to 1170
	Working Capital	31,93,91,914	1 to 745
	Interest	30,41,67,170	1 to 745
State Bank of India	Term Loan	35,87,00,000	1 to 1170
	Working Capital	37,35,80,824	1 to 944
	Interest	39,41,86,852	1 to 944
State Bank of Saurashtra	Term Loan	7,00,00,000	1 to 1170
State Bank of Hyderabad	Term Loan	4,42,00,000	1 to 1170
	Interest	2,38,72,699	1 to 836

\* The Dues of State bank of Hyderabad , Union Bank of India , State bank of India have been assigned to Invent Assets Securitization and Reconstruction Pvt Ltd respectively w.e.f 1<sup>st</sup> July 2015, 3<sup>rd</sup> July 15 and 30<sup>th</sup> Oct 2015 . However, no agreements have been executed between the company and Invent Assets Securitization and Reconstruction Pvt Ltd as on March 31, 2016. And hence, defaults have been considered towards banks as mentioned above till the date of Dues of respective banks being assigned to Invent Assets Securitization and Reconstruction Pvt Ltd..

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

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

Place : Ahmedabad  
Date : May 30, 2016

**Umesh Talati**  
**Partner**  
**Mem No. : 034834**





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

### **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF S.A.L. STEEL 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 S.A.L STEEL 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)**

**Place : Ahmedabad**  
**Date : May 30, 2016**

**Umesh Talati**  
**Partner**  
**Mem No. : 034834**


**BALANCE SHEET AS AT MARCH 31, 2016**

(Amount ₹ in lacs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholders' funds</b>			
(a) Share Capital	3	8,496.67	8,496.67
(b) Reserves and Surplus	4	(12,006.37)	(9,129.53)
		(3,509.70)	(632.86)
(2) <b>Non-current liabilities</b>			
(a) Long-term borrowings	5	424.92	1,513.55
(b) Other Long Term Liabilities	6	44.05	700.00
(c) Long-term provisions	7	77.43	66.08
		546.40	2,279.63
(3) <b>Current liabilities</b>			
(a) Short-term borrowings	8	7,116.57	7,675.15
(b) Trade payables	9	2,307.33	2,535.99
(c) Other current liabilities	10	18,483.58	16,739.35
(d) Short-term provisions	11	81.63	67.09
		27,989.11	27,017.58
<b>TOTAL</b>		<b>25,025.81</b>	<b>28,664.35</b>
<b>II ASSETS</b>			
<b>Non-current assets</b>			
(1) (a) <b>Fixed assets</b>	12		
(i) Tangible assets		13,974.61	14,676.42
(ii) Intangible assets		5.77	5.77
(iii) Capital work-in-progress		2,470.25	5,640.49
		16,450.63	20,322.68
(b) Long-term loans and advances	13	938.87	2,659.36
		17,389.50	22,982.04
(2) <b>Current assets</b>			
(a) Inventories	14	2,920.14	3,166.21
(b) Trade receivables	15	4,038.42	1,295.77
(c) Cash and Cash equivalents	16	111.23	130.62
(d) Short-term loans and advances	17	566.52	1,089.71
		7,636.31	5,682.31
<b>TOTAL</b>		<b>25,025.81</b>	<b>28,664.35</b>
The accompanying notes are an integral part of these financial statements	1 to 46		
As Per our report of even date <b>For, Talati &amp; Talati</b> Chartered Accountants (Firm Regn No.: 110758W) <b>Umesh Talati</b> Partner Membership No. 034834 Place : Ahmedabad Date : May 30, 2016	For and on behalf of the Board of Directors <b>Rajendra V. Shah</b> Chairman <b>B.M. Singhal</b> Whole Time Director Cum C.F.O. <b>Anil Pandya</b> Whole Time Director <b>Nirajkumar Jain</b> Company Secretary		


**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON MARCH 31, 2016**

(Amount ₹ in lacs )

Particulars	Note No.	Year ended on March 31, 2016	Year ended on March 31, 2015
I. Revenue from Operations	19	37,512.82	40,627.78
Less:Excise duty		3,751.53	4,088.85
Revenue from Operations(net)		33,761.29	36,538.93
II. Other income	20	58.07	65.16
III. Total revenue (I + II)		<b>33,819.36</b>	<b>36,604.09</b>
IV. Expenses			
Cost of materials consumed	21	22,586.99	25,995.64
Purchases of stock-in-trade		0.00	301.13
Changes in inventories of finishedgoods , work-in-progress and stock-in-trade.	22	(218.77)	621.02
Employee benefits expense	23	1,101.86	1,026.90
Finance costs	24	1,240.00	2,991.74
Depreciation and amortization expense		846.86	874.02
Other expenses	25	7,969.02	5,984.66
<b>Total expenses</b>		<b>33,525.96</b>	<b>37,795.11</b>
V. <b>Loss /(Profit) before Extra Ordinary Items and Tax (IV-III)</b>		<b>(293.40)</b>	<b>1,191.02</b>
VI Extra Ordinary Items ( Refer Note No 30)		3,170.24	4,748.71
VII <b>Loss before Tax (V+VI)</b>		<b>2,876.84</b>	<b>5,939.73</b>
VIII <b>Tax expense:</b>			
Deferred tax		0.00	1,644.16
Income tax of earlier years		0.00	(0.28)
IX <b>Loss after tax (VII+VIII)</b>		<b>2,876.84</b>	<b>7,583.61</b>
Earnings per equity share(Face value of ₹ 10/- each)	34		
Basic and Diluted - Before Extra Ordinary Items		0.35	(3.34)
Basic and Diluted - After Extra Ordinary Items		(3.39)	(8.93)

The accompanying notes are an integral part of these financial statements 1 to 46

As Per our report of even date

**For, Talati & Talati**
*Chartered Accountants*

(Firm Regn No.: 110758W)

**Umesh Talati**
*Partner*

Membership No. 034834

Place : Ahmedabad

Date : May 30, 2016

For and on behalf of the Board of Directors

**Rajendra V. Shah** Chairman

**B.M. Singhal** Whole Time Director Cum C.F.O.

**Anil Pandya** Whole Time Director

**Nirajkumar Jain** Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

PARTICULARS	2015-16		2014-15	
	(Amount ₹ in lacs )		(Amount ₹ in lacs )	
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		(2,876.84)		(5,939.74)
<b>Add/(Less):</b>				
Depreciation and amortization expense	846.86		874.02	
Loss on Sale of Assets	2.12		0.00	
Sundry Debit Balance written off	2.47		6.36	
Unrealised Foreign Exchange Loss/ (Gain)	3.30		(0.50)	
Financial Cost	1,240.00		2,991.74	
Bad Debts	16.14		12.46	
Provision for Doubtful Debts and Advances	56.86		29.27	
Interest Income	(18.27)	2,149.48	(40.75)	3,872.60
		(727.36)		(2,067.14)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
Adjustments for:				
Trade and Other Receivables	(2,292.47)		3,764.96	
Inventories	246.07		694.01	
Trade Payables and other liabilities	(767.47)	(2,813.87)	(4,953.51)	(494.56)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(3,541.23)</b>		<b>(2,561.68)</b>
Less: Income Tax		0.00		(0.28)
<b>CASH FLOW BEFORE EXTRA ORDINARY ITEMS</b>		<b>(3,541.23)</b>		<b>(2,561.40)</b>
Add / (Less):				
Reversal of Pre-Operative/ Trial Run /		3,170.24		4,748.71
Borrowing Cost Expenses of Capital Work In Progress				
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>(370.99)</b>		<b>2,187.31</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Sale Proceeds of Assets	5.00		0.00	
Interest Income	18.27		40.75	
Purchase of Fixed Assets	(152.16)		(10.34)	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>(128.89)</b>		<b>30.41</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Working Capital Loans	0.00		147.46	
Financial Expense	(1,240.00)		(2,991.73)	
Proceeds / (Repayment) from / to Vehicles Loans	0.00		(2.84)	
Movement of Loans and Advances	1,720.49		652.64	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>480.49</b>		<b>(2,194.47)</b>
<b>NET INCREASE / DECREASE IN CASH &amp; CASH EQUIVALENTS(A+B+C)</b>		<b>(19.39)</b>		<b>23.26</b>
Cash & Cash Equivalent in the Beginning of the year		130.62		107.36
Cash & Cash Equivalent in the Closing of the year		111.23		130.62
<b>Note:</b>				
<b>Cash and Cash equivalents</b>		<b>As At</b>		<b>As At</b>
		<b>March 31,2016</b>		<b>March 31,2015</b>
Balances with Banks (in Current Accounts)		77.16		63.86
Cash on Hand		6.97		5.19
Margin Money with Banks		27.10		61.57
<b>Total</b>		<b>111.23</b>		<b>130.62</b>
As Per our report of even date <b>For, Talati &amp; Talati</b> Chartered Accountants (Firm Regn No.: 110758W)		For and on behalf of the Board of Directors		
<b>Umesh Talati</b> Partner Membership No. 034834 Place : Ahmedabad Date : May 30, 2016		<b>Rajendra V. Shah</b>	Chairman	
		<b>B.M. Singhal</b>	Whole Time Director Cum C.F.O.	
		<b>Anil Pandya</b>	Whole Time Director	
		<b>Nirajkumar Jain</b>	Company Secretary	

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2016:****1. 1.1 CORPORATE INFORMATION**

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

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT**

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

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

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

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

**2.2 Revenue Recognition**

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

**2.3 Excise Duty**

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

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

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

**Intangible Assets:**

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

**2.5 Valuation of Inventories**

Inventories are valued at lower of cost or net realizable value after considering the credit of VAT and CENVAT. In case of Raw Materials, Trading goods, Stock at third party and Stores and Spares are determined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost. Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates. Net realizable value is estimated at the expected selling price less estimated completion and selling costs.

**2.6 Cash flow statement**

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

**2.7 Investments**

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

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

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

**(b) long term**

The Company has both defined contribution and defined benefit plans.

**(c) Defined contribution plans**

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

**(d) Defined benefit plans**

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

**(e) Other employee benefits**

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

**2.9 Taxation**

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

**2.10 Depreciation****On Tangible Assets:**

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

**On Intangible Assets:**

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

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

**2.11 Foreign currency transactions**

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

**2.12 Borrowing Cost**

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

**2.13 Earnings Per Share**

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

**2.14 Impairment of Assets**

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

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

(a) Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

(b) Contingent liabilities are not recognized but are disclosed in the notes.

(c) Contingent Assets are neither recognized nor disclosed in the financial statements.

**2.16 Cash and Cash Equivalents**

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



(Amount in ₹ lacs)

<b>Note 3 : Share Capital</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 10/- each as follows:		
<b>Authorised :</b> 14,00,00,000 Equity Shares of ₹ 10/- each (Previous year : 14,00,00,000 Equity Shares of ₹ 10/- each)	14,000.00	14,000.00
<b>Issued, Subscribed &amp; Fully paid-up:</b> 8,49,66,700 Equity Shares of ₹ 10/- each fully paid up (Previous year : 8,49,66,700 Equity Shares of ₹ 10/- each fully paid up)	8,496.67	8,496.67
<b>Total</b>	<b>8,496.67</b>	<b>8,496.67</b>

**a) Reconciliation of number of shares:**

	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>Number of shares</b>	<b>Amount (in ₹)</b>	<b>Number of shares</b>	<b>Amount (in ₹)</b>
Equity Shares				
Shares outstanding at the beginning of the year	8 49 66 700	8,496.67	8 49 66 700	8,496.67
Changes during the Year	0	0.00	0	0.00
<b>Shares Outstanding at the end of the year</b>	<b>8 49 66 700</b>	<b>8,496.67</b>	<b>8 49 66 700</b>	<b>8,496.67</b>

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

**Equity shares:**

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

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

<b>Particulars</b>	<b>As at March 31, 2016</b>		<b>As at March 31, 2015</b>	
	<b>No. of shares</b>	<b>% of holding</b>	<b>No. of shares</b>	<b>% of holding</b>
Equity shares				
Shah Alloys Limited	3 02 56 989	35.61	3 02 56 989	35.61
SAL Care Pvt Limited	1 27 02 900	14.95	1 27 02 900	14.95
<b>Total</b>	<b>4 29 59 889</b>	<b>50.56</b>	<b>4 29 59 889</b>	<b>50.56</b>



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

(Amount ₹ in Lacs)

Note 4 : Reserves and surplus	As at March 31, 2016	As at March 31, 2015
(a) <b>Security Premium Reserve:</b> Balance as per last financials	2,878.20	2,878.20
(b) <b>General Reserve:</b> Balance as per last financials	5.11	5.11
(c) <b>Capital Reserve:</b> Forfeited Share warrant (amount originally paid up)	800.00	800.00
(d) <b>Statement of Profit &amp; Loss :</b> Balance (Loss) as per last financials	(12,812.84)	(5,175.10)
Add: Profit / (Loss) for the Year	(2,876.84)	(7,583.61)
Less: Transitional adjustment on Depreciation	0.00	(54.13)
Closing Balance	(15,689.68)	(12,812.84)
<b>Total</b>	<b>(12,006.37)</b>	<b>(9,129.53)</b>

**Forfeited Share warrant (amount originally paid up):**

3,20,00,000 convertible warrants of ₹ 10/- each forfeited on 2<sup>nd</sup> August, 2013 on account of non payment of remaining amount due as per terms of the issue. Amount forfeited is ₹ 800 lacs only.

Note 5 : Long term borrowings	As at March 31, 2016	As at March 31, 2015
(A) <b>Secured :</b> <b>Term Loans</b>		
(i) From banks / Financial Institution	311.76	1,377.76
(B) <b>Unsecured:</b>		
(i) <b>Deferred payment liabilities:</b> Deferred sales tax liability	113.16	135.79
<b>Total</b>	<b>424.92</b>	<b>1,513.55</b>

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

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

**Terms of repayment for term loans as set out below :**

(Amount in ₹ lacs)

Particulars	2017-18	Total
PLR + 6.90%	250.76	250.76
PLR + 1.5%	61.00	61.00
<b>Total</b>	<b>311.76</b>	<b>311.76</b>





## S.A.L. STEEL LIMITED

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

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

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

Name of Bank / Financial Institution	Amount in ₹ lacs		Amount in ₹ lacs	
	Default of Term Loan as at 31-03-2016	Period of Default (No of Days)	Default of Interest on Term Loan as at 31-03-2016	Period of Default (No of Days)
Union Bank of India	4,171.00	1 to 1170	2,010.53	1 to 745
State Bank of India	3,587.00	1 to 1170	2,400.17	1 to 944
State Bank of Saurashtra	700.00	1 to 1170	0.00	
State Bank of Hyderabad	442.00	1 to 1170	238.73	1 to 836
<b>Total</b>	<b>8,900.00</b>		<b>4,649.43</b>	

#### Unsecured Borrowings:

##### (a) Deferred sales tax liability :

Deferred sales tax liability is interest free and payable in six equal annual installments of ₹ 22.63 lacs each payable from 1<sup>st</sup> May, 2016

(Amount in ₹ lacs)

Note 6: Other Long term Liabilities	As at March 31, 2016	As at March 31, 2015
<b>Others:</b>		
Trade Deposit	44.05	700.00
<b>Total</b>	<b>44.05</b>	<b>700.00</b>

Note 7: Long term provisions	As at March 31, 2016	As at March 31, 2015
<b>Provision for employee benefits:</b>		
Provision for gratuity	54.40	47.21
Provision for leave encashment	23.03	18.87
<b>Total</b>	<b>77.43</b>	<b>66.08</b>

Note 8 : Short term borrowings	As at March 31, 2016	As at March 31, 2015
<b>(A) Secured:</b>		
<b>Loans repayable on demand</b>		
<b>Working capital facilities</b>		
(i) From banks	6,929.73	6,929.73
<b>(B) Unsecured:</b>		
<b>Loans and advances from related parties:</b>		
- From directors	0.00	83.19
- Inter corporate deposit	135.85	576.24
<b>Deposits:</b>		
- Inter corporate deposit	50.99	85.99
<b>Total</b>	<b>7,116.57</b>	<b>7,675.15</b>

#### Nature of security provided for short term borrowings:

##### Cash Credit facilities:

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

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

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

(Amount ₹ in lacs )

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

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

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

Name of Bank / Financial Institution	Amount in ₹ lacs		Amount in ₹ lacs	
	Default Of Term Loan as at 31-03-2016	Period of Default ( No of Days)	Default of Interest on Term Loan as at 31-03-2016	Period of Default ( No of Days)
Union Bank of India	3,193.92	1 to 745	1,031.14	1 to 745
State Bank of India	3,735.81	1 to 944	1,541.69	1 to 944
<b>Total</b>	<b>6,929.73</b>		<b>2,572.83</b>	

**Loans and Advances from Related Parties:**

The company has taken loan during the year from a related party as mentioned herewith: SAL Care Private Limited and SAL Hospital & Medical Institute ( a division of SAL Care Private Limited) and SAL Corporation Pvt Limited total amount of ₹ 967.87 lacs and repaid of ₹ 1446.24 lacs during the year. This party is covered under the register maintained under section 189(1) of the Companies Act , 2013.

<b>Note 9 : Trade Payables</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Due to Micro, Small and Medium Enterprises *	2,307.33	2,535.99
Other than Micro, Small and Medium Enterprises		
<b>Total</b>	<b>2,307.33</b>	<b>2,535.99</b>

\* 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.

<b>Note 10: Other current liabilities</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
(a) Current Maturities of Long term Debt	1,088.81	2,943.20
(b) Interest accrued and due on borrowings	7,222.27	6,067.22
(c) Income received in advance	133.75	175.45
(d) Other payables:		
- Term Loans from Banks / Financial Institution	8,900.00	5,962.00
- Statutory dues & unpaid expense	1,086.48	920.81
- Creditors for capital goods	52.27	53.60
- Inter corporate deposit - ( Related Party)	0.00	603.78
- Book Overdraft (as per books)	0.00	13.29
<b>Total</b>	<b>18,483.58</b>	<b>16,739.35</b>

<b>Note 11 : Short term provisions</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Provision for Employee Benefits:</b>		
Provision for bonus	65.76	55.08
Provision for gratuity	10.71	8.38
Provision for leave encashment	5.16	2.63
<b>Others:</b>		
Provision for wealth tax	0.00	1.00
<b>Total</b>	<b>81.63</b>	<b>67.09</b>


**S.A.L. STEEL LIMITED**
**Notes forming part of the financial statements [Contd...]**
**Note 12: Fixed Assets**
**(Amount in ₹ lacs)**

<b>TANGIBLE ASSETS :</b>								
<b>PARTICULARS</b>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant and Machineries</b>	<b>Furniture and Fixtures</b>	<b>Vehicles</b>	<b>Office Equipment</b>	<b>Computer</b>	<b>Total</b>
<b>Cost of Assets</b>								
As at 1 <sup>st</sup> April 2014	520.95	4,431.32	24,762.18	61.96	1,028.25	40.30	98.08	30,943.04
Addition	0.00	0.00	0.00	0.00	8.04	0.70	1.60	10.34
Disposal/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 31<sup>st</sup> March 2015</b>	<b>520.95</b>	<b>4,431.32</b>	<b>24,762.18</b>	<b>61.96</b>	<b>1,036.29</b>	<b>41.00</b>	<b>99.68</b>	<b>30,953.38</b>
Addition	148.35	0.00	0.00	0.00	0.00	2.75	1.07	152.16
Disposal/Adjustments	0.00	0.00	0.00	0.00	15.49	0.00	0.00	15.49
Other adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>As at 31<sup>st</sup> March 2016</b>	<b>669.30</b>	<b>4,431.32</b>	<b>24,762.18</b>	<b>61.96</b>	<b>1,020.80</b>	<b>43.75</b>	<b>100.75</b>	<b>31,090.05</b>
<b>Depreciation</b>								
As at 1 <sup>st</sup> April 2014	0.00	1,134.35	13,484.93	32.45	570.87	12.58	85.74	15,320.92
Charge for the year	0.00	137.20	588.35	12.71	120.60	8.46	6.70	874.02
Disposal/Adjustments	0.00	54.12	0.00	0.00	11.43	13.80	2.67	82.02
<b>As at 31<sup>st</sup> March 2015</b>	<b>0.00</b>	<b>1,325.67</b>	<b>14,073.28</b>	<b>45.16</b>	<b>702.90</b>	<b>34.84</b>	<b>95.11</b>	<b>16,276.96</b>
Charge for the year	0.00	137.10	588.35	12.62	105.97	2.37	0.42	846.85
Disposal/Adjustments	0.00	0.00	0.00	0.00	(8.36)	0.00	0.00	(8.36)
<b>As at 31<sup>st</sup> March 2016</b>	<b>0.00</b>	<b>1,462.80</b>	<b>14,661.63</b>	<b>57.78</b>	<b>800.51</b>	<b>37.21</b>	<b>95.53</b>	<b>17,115.45</b>
<b>Net Block</b>								
As at 31 <sup>st</sup> March 2015	520.95	3,105.65	10,688.90	16.80	333.39	6.16	4.57	14,676.42
As at 31 <sup>st</sup> March 2016	669.30	2,968.53	10,100.55	4.18	220.29	6.54	5.22	13,974.61

**INTANGIBLE ASSETS : (Amount in ₹ lacs)**

<b>PARTICULARS</b>	<b>Software</b>	<b>Total</b>
<b>Cost of Assets</b>		
As at 1 <sup>st</sup> April 2014	115.30	115.30
Addition	0.00	0.00
Disposal/Adjustments	0.00	0.00
Other adjustment	0.00	0.00
<b>As at 31<sup>st</sup> March 2015</b>	<b>115.30</b>	<b>115.30</b>
Addition	0.00	0.00
Disposal/Adjustments	0.00	0.00
Other adjustment	0.00	0.00
<b>As at 31<sup>st</sup> March 2016</b>	<b>115.30</b>	<b>115.30</b>
<b>Depreciation</b>		
As at 1 <sup>st</sup> April 2014	109.53	109.53
Charge for the year	0.00	0.00
Disposal/Adjustments	0.00	0.00
<b>As at 31<sup>st</sup> March 2015</b>	<b>109.53</b>	<b>109.53</b>
Charge for the year	0.00	0.00
Disposal/Adjustments	0.00	0.00
<b>As at 31<sup>st</sup> March 2016</b>	<b>109.53</b>	<b>109.53</b>
<b>Net Block</b>		
As at 31 <sup>st</sup> March 2015	5.77	5.77
As at 31 <sup>st</sup> March 2016	5.77	5.77


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

<b>CAPITAL WORK IN PROGRESS</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
Building and Plant & Machinery (refer note no: 30)	2,470.25	5,640.49
<b>Total</b>	<b>2,470.25</b>	<b>5,640.49</b>

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

(Amount in ₹ lacs)

<b>Note 13: Long Term Loans and Advances (Unsecured, considered good unless otherwise stated)</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Capital Advances (refer note no: 30)	941.22	2,526.10
Less: Provision made for doubtful advances	169.33	27.51
Security Deposits	771.89	2,498.59
	166.97	160.77
<b>Total</b>	<b>938.87</b>	<b>2,659.36</b>

<b>Note 14: Inventories (At lower of cost or net realisable value )</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>(As taken, valued and certified by the management)</b>		
Raw Materials		
i) In stock	834.50	1,025.24
ii) In Transit / with third party	112.50	0.00
Work in Progress	19.62	50.59
Finished Goods	891.26	632.51
Stores and Spares	1,055.26	1,441.85
<b>Others:</b>		
By Products	7.00	16.02
<b>Total</b>	<b>2,920.14</b>	<b>3,166.21</b>

<b>Note 15: Trade receivables (Unsecured, considered good unless otherwise stated)</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Unsecured Considered good</b>		
Trade Receivable outstanding for more than six months from the date they became due for payments	278.81	254.89
Others	3,759.61	1,040.88
<b>Doubtful</b>	10.04	37.68
<b>Total</b>	<b>4,048.46</b>	<b>1,333.45</b>
Less: Provision made for doubtful debts	10.04	37.68
<b>Total</b>	<b>4,038.42</b>	<b>1,295.77</b>

Trade Receivables includes ₹ 3234.37 lacs in CY and Rs Nil in PY from Associated concerns (i.e. Shah Alloys Ltd) in which director of a Company is interested.

<b>Note 16: Cash and Cash equivalents</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
i) Balances with banks (in Current Accounts)	77.16	63.86
ii) Cash on Hand	6.97	5.19
iii) Margin Money*	27.10	61.57
<b>Total</b>	<b>111.23</b>	<b>130.62</b>

\* Margin Money deposits are given as margin against Bank Guarantee opened with bank.



<b>Note 17: Short term loans and advances (Unsecured, considered good unless otherwise stated)</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>Others:</b>		
Advances recoverable in cash or in kind	545.75	720.82
Less: Provision made for doubtful advances	119.10	176.41
	426.65	544.41
Advance Income Tax (Net of Provision)	34.78	33.82
Balance with Government Authority	97.58	493.31
Loans and Advances to Employees	7.51	18.17
<b>Total</b>	<b>566.52</b>	<b>1,089.71</b>

<b>Note 18: Contingent liabilities and commitments (to the extent not provided for):</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
<b>(A) Contingent liabilities:</b>		
<b>(i) Claims against the company not acknowledged as debts:</b>		
With Government Authorities	2,557.90	2,315.03
Banks / Financial institutions	7,219.67	0.00
Others	4,664.51	4,216.58
<b>(ii) Guarantees:</b>		
Corporate guarantees given to banks for Shah Alloys Limited	0.00	603.78
Bank guarantee given	21.27	21.27

**(B) Commitment:**

Estimated amount of contracts, remaining to be executed on capital account and not provided for ₹. 522.78 lac net of advance (Previous Year : ₹ 2,215.07 lac ).

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



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

(Amount in ₹ lacs)

<b>Note 19: Revenue from operations</b>	<b>For the Year ended on 31<sup>st</sup> March 2016</b>	<b>For the Year ended on 31<sup>st</sup> March 2015</b>
Sale of products	37,512.82	40,627.78
Less: Excise duty	3,751.53	4,088.85
<b>Total</b>	<b>33,761.29</b>	<b>36,538.93</b>

<b>Note 19.1: Particulars of Sale of Products</b>	<b>For the Year ended on 31<sup>st</sup> March 2016</b>	<b>For the Year ended on 31<sup>st</sup> March 2015</b>
Sponge Iron	25,975.35	31,250.99
Ferro Alloys	8,602.17	6,774.84
Others	66.59	582.54
Power	2,868.71	2,019.41
<b>Total</b>	<b>37,512.82</b>	<b>40,627.78</b>

<b>Note 20: Other income</b>	<b>For the Year ended on 31<sup>st</sup> March 2016</b>	<b>For the Year ended on 31<sup>st</sup> March 2015</b>
<b>Interest income:</b>		
Interest on FDR with Banks	3.08	4.91
Other Interest	15.19	35.84
<b>Non operating income:</b>		
Rent Income	9.60	9.60
Miscellaneous receipts	1.20	1.20
Foreign exchange fluctuation Gain (Net)	29.00	7.25
Sundry balances written back(Net)	-	6.36
<b>Total</b>	<b>58.07</b>	<b>65.16</b>

<b>Note 21: Cost of material consumed</b>	<b>For the Year ended on 31<sup>st</sup> March 2016</b>	<b>For the Year ended on 31<sup>st</sup> March 2015</b>
<b>Raw material consumed</b>		
Opening stock	991.21	700.77
Purchases and Direct Expense	22,541.13	26,286.08
Less :Closing stock	945.35	991.21
<b>Total</b>	<b>22,586.99</b>	<b>25,995.64</b>



<b>Note 22: Changes in inventories of finished goods, work-in-progress and Stock-in-Trade.</b>	<b>For the Year ended on 31<sup>st</sup> March 2016</b>	<b>For the Year ended on 31<sup>st</sup> March 2015</b>
<b>A) Opening stock</b>		
Finished goods	632.51	1,196.58
Work in progress	50.59	24.99
By-products	16.02	98.57
<b>Sub-Total (A)</b>	<b>699.12</b>	<b>1,320.14</b>
<b>B) Less: Closing stock</b>		
Finished goods	891.27	632.51
Work in progress	19.62	50.59
By-products	7.00	16.02
<b>Sub-Total (B)</b>	<b>917.89</b>	<b>699.12</b>
<b>Total(A-B)</b>	<b>(218.77)</b>	<b>621.02</b>

<b>Note 23: Employee benefits expense</b>	<b>For the Year ended on 31<sup>st</sup> March 2016</b>	<b>For the Year ended on 31<sup>st</sup> March 2015</b>
Salaries,wages & bonus	1,012.50	943.96
Contribution to provident & other funds	58.46	51.80
Staff welfare expenses	30.90	31.14
<b>Total</b>	<b>1,101.86</b>	<b>1,026.90</b>

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

**Defined contribution plan:**

<b>Particulars</b>	<b>2016-15</b>	<b>2014-15</b>
Employer's Contribution to Provident Fund	41.51	27.75

**Defined Benefit Plan:**

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

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

<b>Particulars</b>	<b>Gratuity(Unfunded)</b>		<b>Leave Encashment(Unfunded)</b>	
	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>
Opening defined benefit obligation at the beginning of the year	55.59	46.38	21.50	13.07
Current Service cost	15.95	11.91	9.37	4.89
Interest cost	4.01	3.94	1.57	1.11
Actuarial (Gain) / Loss	(9.71)	(0.29)	(4.24)	2.49
Benefits paid	(0.73)	(6.35)	-	(0.06)
Closing defined benefit obligation at the end of the year	65.11	55.59	28.20	21.50



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

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

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

III. Reconciliation of fair value of assets and obligation:

(Amount in ₹ lacs)

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2015-16	2014-15	2015-16	2014-15
Fair value of plan assets	-	-	-	-
Present value of obligation	65.11	55.59	28.20	21.50
Amount recognised in balance sheet	65.11	55.59	28.20	21.50

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

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2015-16	2014-15	2015-16	2014-15
Service cost	15.95	11.91	9.37	4.89
Interest cost	4.01	3.94	1.57	1.11
Expected return on plan assets				
Actuarial Gain /( Loss)	(9.71)	(0.29)	(4.24)	2.49
Net cost included in ₹Employee Benefit Expense'	10.25	15.56	6.71	8.49

V. Investment details:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2015-16	2014-15	2015-16	2014-15
GOI Securities				
Public Securities				
Special Deposit Schemes				
State Govt. Securities	Not applicable as Gratuity Liability is not funded		Not applicable as leave Liability is not funded	
Private Sector Securities				
Insurance Policies				
Others				

VI. Actuarial assumptions:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2015-16	2014-15	2015-16	2014-15
Mortality Table	LIC 2006-08	LIC 2006-08	LIC 2006-08	LIC 2006-08
Discount rate (per annum)	7.95%	7.80%	7.95%	7.80%
Expected rate of return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%



**Notes forming part of the financial statements [Contd...]****VII Amount for the current and previous four periods are as follows:-****(Amount in ₹ Lacs)**

Particulars	31/03/2016	31/03/2015	31/03/2014	31/03/2013	31/03/2012
<b>Gratuity (Unfunded)</b>					
Defined Benefit obligation	65.11	55.59	46.38	52.61	37.46
Plan assets	-	-	-	-	-
Surplus / (Deficit)	(65.11)	(55.59)	(46.38)	(52.61)	(37.46)
Experience adjustments on plan liability	(10.77)	(6.97)	(14.83)	(4.84)	(1.88)
Experience adjustments on plan assets	-	-	-	-	-
<b>Leave encashment (Unfunded)</b>					
Defined benefit obligation	28.20	21.50	13.07	17.58	10.71
Experience adjustment on plan liability	(4.48)	(1.51)	(9.20)	(1.05)	(2.64)

**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 2014-15 ( ₹ 41.50 lacs) to the defined contribution plan.

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

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

<b>Note 24: Finance costs</b>	<b>For the Year ended on 31st March 2016</b>	<b>For the Year ended on 31st March 2015</b>
(A) Interest expense:		
Term loans	708.15	1,758.79
Working capital	446.90	1,106.44
Others	84.95	126.51
<b>Total</b>	<b>1,240.00</b>	<b>2,991.74</b>



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

(Amount ₹ in Lacs)

Note 25: Other expenses	For the Year ended on 31 <sup>st</sup> March 2016	For the Year ended on 31 <sup>st</sup> March 2015
Consumption of stores & spares	1,502.23	972.09
Power & fuel (Including cost of power generation)	3,824.72	3,455.69
Labour charges	497.77	449.34
Rent expenses	54.25	43.96
Rates & taxes(incl. wealth tax of ₹ Nil) [PY wealth tax ₹ 1,00,000/-]	6.18	5.42
Legal, consultancy & professional charges	89.18	68.13
Commission and Brokerage expense	47.41	51.82
Bad debts	16.14	12.46
Payment to Auditors #	8.19	7.35
Freight outward	408.87	324.78
Vat Expense \$	1,032.98	244.96
Service tax	14.27	(3.19)
Repairs		
- to Factory building	1.06	-
- to Plant & machinery	41.64	42.32
- to Others	44.04	50.57
Insurance	5.44	10.09
Excise duty adjustment for stock*	26.43	(60.75)
Miscellaneous expenses	348.22	309.62
<b>Total</b>	<b>7,969.02</b>	<b>5,984.66</b>

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

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

# Payments to Auditors	For the Year ended on 31 <sup>st</sup> March 2016	For the Year ended on 31 <sup>st</sup> March 2015
As Auditors	6.50	5.50
For other services	1.69	1.85
<b>Total</b>	<b>8.19</b>	<b>7.35</b>

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

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

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

28 As at the yearend the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicates that the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating for settlement. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post settlement, the Company will reduce interest burden drastically and will be optimistic about reducing of accumulated losses gradually.

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

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

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

30 During the year, the 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. Apart from this, 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.

31 The Company has not recognized deferred tax assets as per AS 22 issued by ICAI due to the management anticipating no sufficient future taxable Income to recover such Deferred Tax Asset in near future.

**32 RELATED PARTY DISCLOSURES:**

(a) List of Related Parties and Relationships:

i. Concern where significant interest exists.

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

ii. Key Management Personnel:

<b><u>Name of the Key Management Personnel</u></b>	<b><u>Nature of Relationship</u></b>
Shri Rajendra V Shah	Chairman
Shri Sujal A Shah	Executive Director
Shri B M Singhal	Whole Time Director Cum CFO
Shri Anil Pandya	Whole Time Director
Shri Piyush Chandrana	Whole Time Director (upto 13/05/2013)
Shri Hardik Modi	Company Secretary (upto 07/10/2014)
Shri Nirajkumar Jain	Company Secretary (from 07/07/2015)



## Disclosure of Related Party Transactions

(Amount ₹ In lacs)

Sr No.	Related Party	Nature of Transaction	2015-16	2014-15
1.	Shah Alloys Limited	Purchases	105.13	409.51
		Sales (Incl Power)	8619.40	5,494.26
		Rent Income	9.60	9.60
		Outstanding Amount of Guarantee given	0	603.78
		Balance as at the year end	3,234.36 Dr	603.78 Cr
2.	SAL Corporation Pvt Ltd	Loan repaid	26.15	20.00
		Interest	11.08	14.39
		Balance as at the year end	99.97 Cr	116.16 Cr
3.	SAL Care Pvt Ltd	Loan taken	967.87	725.00
		Loan repaid	1420.08	1122.00
		Interest	39.87	67.41
		Balance as at the year end	35.88 Cr	460.08 Cr
	Key Management Personnel			
5.	Shri Sujal Shah	Salary	4.32	4.32
6.	Shri B.M Singhal	Salary	4.92	4.92
7.	Shri Anil Pandya	Salary	4.80	4.80
9.	Shri Hardik Modi	Salary	0	1.92
10.	Shri Nirajkumar Jain	Salary	1.92	0

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

**34. EARNINGS PER SHARE:**

PARTICULARS	2015-16	2014-15
Net Profit /(Loss) for the year attributable to Equity shareholders - Before Extraordinary Items - <b>Amount ₹ in lacs</b>	293.40	(2,834.90)
Net Profit /(Loss) for the year attributable to Equity shareholders - After Extraordinary Items - <b>Amount ₹ in lacs</b>	(2,876.84)	(7,583.61)
Weighted average number of Equity Shares outstanding for Basic EPS	8,49,66,700	8,49,66,700
Weighted average number of Equity Shares outstanding for Diluted EPS	8,49,66,700	8,49,66,700
Basic and Diluted earnings per share - Before Extraordinary Items (Face value of ₹. 10 each)	0.35	(3.34)
Basic and Diluted earnings per share - After Extraordinary Items (Face value of ₹. 10 each)	(3.39)	(8.93)

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

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

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



## S.A.L. STEEL LIMITED

### 37 Information regarding stock:

#### Capacity:

Class of Products:	Annual Licensed capacity [P.A.]		Annual Installed capacity	
	2015-16	2014-15	2015-16	2014-15
Sponge Iron	N.A.	N.A.	1,80,000 MT P A	1,80,000 MT P A
Ferro Alloys	N.A.	N.A.	61,890 MT P A	61,890 MT P A
Rolling Mill	N.A.	N.A.	25,000 MT P A	25,000 MT P A
Power Plant	N.A.	N.A.	40 MW P Hour	40 MW P Hour

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

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

Class of Products	2014-15 Qty (in M.T.)	2013-14 Qty. (in M.T.)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>		
Sponge Iron	1,53,646.000	1,34,076.000
Ferro Chrome	12,339.000	8,211.490
Power – (Qty in MWH)	71,717.750	50,485.495

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

Class of Goods	2015-16		2014-15	
	QTY (in MT)	Value (₹ in Lacs)	QTY (in MT)	Value (₹ in Lacs)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>				
Sponge Iron	1,52,286.140	25,975.35	1,33,277.790	31,250.99
Ferro Chrome	11,885.625	8,537.44	8,248.010	6,469.79
Others		131.32		887.589
<b>TOTAL</b>		<b>34,644.11</b>		<b>38,608.27</b>
Power Units MWH	71,717.750	2,868.71	50,485.495	2,019.41
<b>Total</b>		<b>37,512.82</b>		<b>40,627.78</b>

#### OPENING AND CLOSING STOCKS:

Class of Goods	Opening Stock				Closing Stock			
	As at 01.04.2014		As at 01.04.2015		As at 31.03.2015		As at 31-03-2016	
	QTY [MT]	Value (₹ in Lacs)	QTY [MT]	Value (₹ in Lacs)	QTY [MT]	Value (₹ in Lacs)	QTY [MT]	Value (₹ in Lacs)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>								
Sponge Iron	328.137	66.81	1,126.347	195.72	1,126.347	195.72	2,486.207	337.52
Ferro Chrome	377.229	278.03	340.709	259.03	340.709	259.03	794.084	412.46
Others		950.30		193.78		193.78		148.29
<b>TOTAL:</b>		<b>1295.14</b>		<b>648.53</b>		<b>648.53</b>		<b>898.27</b>

**41. WORK IN PROGRESS:**

Product	2015-16 (₹ in lacs)	2014-15 (₹ in lacs)
Sponge Iron	9.05	37.07
Ferro Alloys	10.57	13.52
<b>TOTAL</b>	<b>19.62</b>	<b>50.59</b>

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

Class of Goods	2015-16		2014-15	
	QTY (in MT)	Value (₹ in lacs)	QTY (in MT)	Value (₹ in lacs)
Iron Ore / Fines / Pallates	2,36,635.421	11,269.56	2,05,366.000	15,830.96
Steam Coal	1,30,017.023	6,383.23	1,11,397.000	6,601.88
Chrome Ore	29,937.960	3,775.77	19,649.000	2,668.40
Others		1,158.42		894.40
<b>TOTAL :-</b>		<b>22,586.99</b>		<b>25,995.64</b>

**43. DETAILS OF GOODS TRADED:**

Goods Sold	2015-16 (₹ in lacs)	2014-15 (₹ in lacs)
Steel & Iron	0	301.13

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

CIF VALUE OF IMPORTS	2015-16 (₹ in lacs)	2014-15 (₹ in lacs)
Raw Materials	4,260.98	1,496.42

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

	₹ in lacs		% of Total Consumption	
	2015-16	2014-15	2015-16	2014-15
<b>Raw Materials:</b>				
i) Imported	4,260.98	1,496.42	18.86	5.76
ii) Indigenous	18,326.01	24,499.22	81.14	94.24
<b>Total</b>	<b>22,586.99</b>	<b>25,995.64</b>	<b>100.00</b>	<b>100.00</b>
<b>Stores, Spares &amp; Chemical:</b>				
i) Imported	0.00	0.00	0.00	0.00
ii) Indigenous	1,502.23	972.10	100.00	100.00
<b>Total</b>	<b>1,502.23</b>	<b>972.10</b>	<b>100.00</b>	<b>100.00</b>

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

**Signatures to Notes - 1 to 46.**

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

**Umesh Talati**  
 Partner  
 Membership No. 034834  
 Place : Ahmedabad  
 Date : May 30, 2016

For and on behalf of the Board of Directors

**Rajendra V. Shah** Chairman  
**B.M. Singhal** Whole Time Director Cum C.F.O.  
**Anil Pandya** Whole Time Director  
**Nirajkumar Jain** Company Secretary



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

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

CIN: L29199GJ2003PLC043148

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

**ATTENDANCE SLIP**

<b>DP ID*</b>	<b>Folio</b>
<b>Client ID*</b>	<b>No. of Shares</b>

**NAME AND ADDRESS OF THE SHAREHOLDER**

I hereby record my presence at the **13<sup>TH</sup> ANNUAL GENERAL MEETING** of the Company held on Saturday, 24<sup>th</sup> September, 2016 at 9:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060.

\_\_\_\_\_  
Signature of the Shareholder | Proxy

\* Applicable for investors holding shares in electronic form.

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

CIN: L29199GJ2003PLC043148

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

**Form No. MGT- 11**

**PROXY FORM**

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

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

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

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

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **13<sup>th</sup> ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 24<sup>th</sup> September, 2016 at 9:30 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

**S.NO Resolutions**

**Ordinary Business**

- 1 Adoption of financial statements for the year ended on March 31, 2016
- 2 Reappointment of Shri Babulal M. Singhal as Director
- 3 Ratification of appointment of Talati & Talati as Statutory Auditor and fix their remuneration
- 4 Approval of Related party transactions
- 5 Fixation 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.











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

If undelivered please return to:  
Administrative office

**S.A.L. Steel Limited**

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



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

**ANNUAL REPORT**  
2016-2017



**14<sup>TH</sup> ANNUAL REPORT**  
CIN L29199GJ2003PLC043148

**Board of Directors**

Shri Rajendra V. Shah	<i>Non Executive Chairman</i>
Shri Sujal Shah	<i>Whole Time Director</i>
Shri Babulal M. Singhal	<i>Whole Time Director</i>
Shri Anil Kumar Pandya	<i>Whole Time Director</i>
Shri Ambalal C. Patel	<i>Independent Director</i>
Shri Jethalal M. Shah	<i>Independent Director</i>
Shri Tejpal S Shah	<i>Independent Director</i>
Shri Harshad M Shah	<i>Independent Director</i>
Shri Shrikant Jhaveri	<i>Independent Director</i>
Smt. Shefaliben M. Patel	<i>Independent Director</i>

**Chief Financial Officer**

Shri Babulal M. Singhal

**Company Secretary and Compliance Officer**

Shri Nirajkumar Jain

**Audit Committee**

Shri Jethalal M. Shah, Chairman  
Shri Ambalal C. Patel  
Shri Harshad M. Shah  
Shri Shrikant N. Jhaveri

**Nomination and Remuneration Committee**

Shri Jethalal M. Shah, Chairman  
Shri Ambalal C. Patel  
Shri Harshad M. Shah

**Stakeholders' Relationship Committee**

Shri Jethalal M. Shah, Chairman  
Shri Ambalal C. Patel  
Shri Harshad M. Shah

**Registered Office**

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

**Administrative Office**

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

**Plant**

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

**Statutory Auditors**

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

**Secretarial Auditors**

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

**Registrar and Share Transfer Agents**

Karvy Computershare Pvt Ltd.  
Karvy Selenium Tower B, Plot no. 31-32,  
Gachibowli, Financial District, Nanakramguda,  
Hyderabad 500 032  
Phone: 91-040-67162222  
Fax: 91-040-23001153  
Toll Free no.: 1800-345-4001  
E-mail: varghese1@karvy.com  
Website: www.karvycomputershare.com

**Bankers to the Company**

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

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

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## NOTICE

**NOTICE** is hereby given that 14<sup>th</sup> Annual General Meeting of the Members of **S.A.L. STEEL LIMITED** will be held on Saturday, 30<sup>th</sup> September 2017 at 10:00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380 060 to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2017, Statement of Profit & Loss for year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Sujal Shah (DIN 01431407), who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s Parikh & Majmudar, Chartered Accountants, Ahmedabad (Firm Reg. No. 107525W) be and are hereby appointed as Statutory Auditors of the Company in place of M/s Talati & Talati, Chartered Accountants, Ahmedabad (ICAI Registration No. 110758W) at this Annual General Meeting, at such remuneration plus reimbursement of out-of-pocket, travelling expenses etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.

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

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

**SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modification(s), following resolution as **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V to the Act and the Rules made thereunder as amended from time to time, consent of the members be and is hereby accorded for re-appointment of Shri Anil Pandya (DIN 02453919) as Whole Time Director, designated as Director – Commercial of the company for a period of 3 (three) years with effect from 25<sup>th</sup> October 2017, on terms and conditions as set out in the written memorandum placed before meeting with liberty to the Board of Directors (herein referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board and Shri Anil Pandya (DIN 02453919)."
5. To consider and if thought fit, to pass, with or without modification(s), following resolution as **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, consent of the members be and is hereby accorded for ratification & re-appointment of Shri Sujal Shah (DIN 01431407) as Whole Time Director, designated as Director – Purchase of the company, for a period of 3 (three) years with effect from 26<sup>th</sup> April 2016, on terms and conditions as set out in the written memorandum placed before meeting with liberty to the Board of Directors (herein referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board and Shri Sujal Shah (DIN 01431407)."
6. To consider and if thought fit, to pass, with or without modification(s), following resolution as **Ordinary Resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule V to the Act and the Rules made thereunder, as amended from time to time, consent of the members be and is hereby accorded for ratification & re-appointment of Shri Babulal Singhal (DIN 01484213) as Whole Time Director, designated as Director – Commercial of the company, for a period of 3 (three) years with effect from 15<sup>th</sup> May 2016, on terms and conditions as set out in the written memorandum placed before meeting with liberty to the Board of Directors (herein referred to as "the Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board), to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board and Shri Babulal Singhal (DIN 01484213)."

7. To consider and if thought fit, to pass, with or without modification(s), following resolution as **Special Resolution:**
- “RESOLVED THAT** pursuant to the provisions of Regulation 23 (4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter as “SEBI(LODR)”], as amended from time to time, consent of the Members be and is hereby accorded for all material related party contracts or arrangements entered and to be entered into financial year 2017-18 between the Company and Shah Alloys Limited for sale of power, materials and services and purchase of material from Shah Alloys Ltd. at a prevailing market price in ordinary course of business.
- RESOLVED FURTHER THAT** consent of the Members be and is hereby accorded for ratification of related party transactions between the Company and Shah Alloys Limited entered into during the period 2016-17.
- RESOLVED FURTHER THAT** the Board of Directors (the “Board”) and/or any Committee constituted by the Board be and is hereby authorized to settle any question, difficulty or doubt that may arise with regard to giving effect to the above resolution and to do all acts, deeds, things as may be deemed necessary, proper and desirable.”
8. To consider and if thought fit, to pass, with or without modification(s), following resolution as an **Ordinary Resolution:**
- “RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. Ashish Bhavsar & Associates, Cost Accountants appointed by the Board on the recommendation of the Audit Committee of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2018 be paid the remuneration of ₹70,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit.”

#### NOTES

- 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.
- Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the Company is pleased to provide the facility of remote e-voting to all members as per the applicable Regulations relating to e-voting. The complete instruction on e-voting facility provided by the Company is annexed to this Notice, explaining the process of e-voting with necessary user id and password along with procedure for such e-voting. Such remote e-voting facility is in addition to voting that may take place at the Meeting venue on 30<sup>th</sup> September 2017.
  - 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.
  - 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.
  - 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.
  - Shareholders are requested to bring their copy of Annual Report to the meeting.**
  - Members/Proxies should fill Attendance Slip for attending the meeting.
  - The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd September, 2017 to Saturday, 30th September, 2017 (both days inclusive).**
  - 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.
  - Relevant documents referred to in the accompanying Notice and the Statement will remain open and available for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.



11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Share registrars and Transfer Agents.
12. **Members who have not registered their email IDs so far with their depository participants, are requested to register their email IDs for receiving all the Communications including Annual Report, Notices etc. in electronic mode.**
13. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, and Regulation 36 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their e-mail address either with the Company or with the Depository.
14. The Notice of the Annual General Meeting and Annual Report of the Company for the year ended 31<sup>st</sup> March, 2017 is uploaded on the Company's website [www.salsteel.co.in](http://www.salsteel.co.in) and may be accessed by the members and also on the website of the Bombay Stock Exchange Ltd. [www.bseindia.com](http://www.bseindia.com) and on the website of the National Stock Exchange [www.nseindia.com](http://www.nseindia.com).
15. Electronic copy of the Annual Report for 2016-17 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, a physical copy of the Annual Report for 2016-17 is being sent in the permitted mode.

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

**SECTION A: E-VOTING PROCESS:**

1. To use <https://evoting.karvy.com> URL for e-voting:
2. Enter the login credentials i.e., user id and password mentioned. Your Folio No/DP ID Client ID will be your user ID.
3. After entering the details appropriately, click on LOGIN.
4. If you are holding shares in demat form and had logged on to [www.evoting.karvy.com](http://www.evoting.karvy.com) and voted on an earlier voting of any Company, then your existing password is to be used.
5. If you are a first time user, use below mentioned User ID and Password.  
Once, you will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it.  
Kindly note that it is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
6. You need to login again with the new credentials.
7. On successful login, the system will prompt you to select the EVENT i.e., S.A.L. Steel Ltd.
8. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR" / "AGAINST" as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option "ABSTAIN" in case you wish to abstain from voting.
9. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
10. On the voting page, you will see Resolution description and against the same the option 'YES/NO' for voting.  
Select the relevant option as desired YES or NO and click on submit.
11. Click on the Resolution File Link if you wish to view the Notice.
12. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

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

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

1. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 read with Regulation 44 of SEBI (LODR), Regulations 2015, the Company is pleased to provide members facility to exercise their right to vote at the 14<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Ltd.
2. The voting period begins on 27.09.2017 at 10 a.m. and ends on 29.09.2016 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of (record date) of 21.09.2017 may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
4. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
5. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [www.karvycomputershare.com](mailto:www.karvycomputershare.com) OR write an e-mail to [varghese1@karvy.com](mailto:varghese1@karvy.com)
6. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23.09.2017, may obtain the login ID and password by sending a request at [www.karvycomputershare.com](http://www.karvycomputershare.com).
8. CS Kamlesh M Shah, Practicing Company Secretary (Membership No. ACS 8356, CP No: 2072) (Address: 801-A, 8th Floor, Mahalaya Complex, Opp. Hotel President, B/H. Fairdeal House, Swastik Cross Roads, Off. C.G.Road, Navrangpura, Ahmedabad: 380009) has been appointed as the Scrutinizer to scrutinize the e-Voting process.
9. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any and submit forth with to the Chairman of the Company.
10. The Results shall be declared on the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.salsteel.co.in](http://www.salsteel.co.in) within two days of the passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
11. The resolutions shall be deemed to be passed on the date of the Annual General Meeting, subject to receipt of sufficient votes.
12. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail [ksshah@yahoo.com](mailto:ksshah@yahoo.com).
13. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending communication(s) regarding Karvy e-Voting system in future. The same may be used in case the Member forgets the password and the same needs to be reset.
14. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Shri Varghese P A of Karvy Computershare Pvt. Ltd at 040- 44655000 or at 1800 345 4001 (toll free).

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

**By order of the Board**

**Date: 5th August 2017**

**Place: Santej**

**Nirajkumar Jain  
Company Secretary**

**Registered Office:**

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

**CIN:** L29199GJ2003PLC043148

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

**Item No. 4:**

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

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

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

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

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

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

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

Shri Anilkumar Pandya is interested in the resolution.

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

**Item No. 5:**

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

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

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

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

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

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

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

Shri Sujal Shah is interested in the resolution.

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

#### Item No. 6:

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

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

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

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

**D Duties and Responsibilities**

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

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

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

Shri Babulal Singhal is interested in the resolution.

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

**Item No. 7:**

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

**For financial year 2017-18**

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

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

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

Company was promoted by Shah Alloys Limited in 2003 and is having 35.61% equity holding in the Company. The Project is backward integration project since finished product of the Company is raw material for the Shah Alloys Limited. Further, Company has installed group captive power plant 40 MW. Excess power is wheeled to Shah Alloys Limited for its power requirement. On account of above, Shah Alloys is purchasing finished product of Company and also power generated by group captive power plant. Company purchases various materials from Shah Alloys Limited for maintenance of its plant and other purposes. Transactions made with Shah Alloys Limited are at Arms' length basis. The information is given pursuant to the provisions of Regulation 23 of SEBI (LODR) Regulations 2015 since the value of transactions with SAL Steel Ltd. exceeds 10% of the total turnover of the Company.

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

**ITEM NO.8**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2018 at the remuneration of ₹70,000/- per annum plus out of pocket expenses, if any, incurred during the course of audit. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution. The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

**Registered Office:**

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

**For and on behalf of the Board**

**Nirajkumar Jain**  
Company Secretary

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

Place: Santej

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

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

## DIRECTORS' REPORT

Dear Members,

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

## FINANCIAL HIGHLIGHTS

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

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

## STATE OF COMPANY'S AFFAIRS / PERFORMANCE OVERVIEW

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

## DIVIDEND

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

## BUSINESS ACTIVITY

The company is engaged in manufacture of sponge iron, ferro alloys and power. Company is generating power on account of waste heat recovery system resulting economic price. Company is having its power plant of 40 MW. Power generated is used for captive consumption. There has been no change in the nature of business of the Company.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The company does not have holding or subsidiary companies during the year and no other company has become holding / subsidiary/ joint venture / associate. The Company is an Associate Company of M/s Shah Alloys Limited as it is holding more than 20% of the Equity Share Capital in the Company as a Promoter Company.

## DEPOSIT

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

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

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

## REGULATORY STATEMENT

In conformity with provision of regulation 34(2)(c) & 53(b) of SEBI (LODR), Regulations 2015, the Cash Flow Statement for the year ended 31.03.2017 is annexed hereto. The equity shares of the Company are listed on the BSE Ltd. and the National Stock Exchange of India Ltd. (NSE).

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

## DETAILS OF DIRECTORS OR KMPs APPOINTMENT OR RESIGNATION

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

**MEETINGS OF THE BOARD**

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

**DECLARATION BY INDEPENDENT DIRECTORS**

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

**BOARD DIVERSITY**

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

**BOARD EVALUATION**

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

**INTERNAL FINANCIAL CONTROL SYSTEM AND THEIR ADEQUACY**

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

**CORPORATE GOVERNANCE REPORT**

The Company is committed to observe good corporate governance practices. The report on Corporate Governance for the financial year ended March 31, 2017, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report. The requisite Certificate from the Practicing Company Secretary of the Company confirming compliance with the conditions of Corporate Governance is annexed to this Report.

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

As required under Section 134 (3) (m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014, particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are separately provided in the annexure to this report as **Annexure - 1**.

**RISK MANAGEMENT POLICY**

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

**VIGIL MECHANISM POLICY**

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

**CORPORATE SOCIAL RESPONSIBILITY**

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

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



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

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

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

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

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

#### **PARTICULARS OF THE EMPLOYEES**

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

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

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

#### **IND AS**

Your company has adopted IND AS w.e.f. 1<sup>st</sup> April 2017 pursuant to Notification of the Ministry of Corporate Affairs dated 16<sup>th</sup> February 2015 in place of Accounting Standards.

#### **AUDITORS**

##### **STATUTORY AUDITORS**

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

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

##### **Cost Auditors**

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

##### **Internal Auditor**

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

**Secretarial Auditor**

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

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

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

**Basis for Qualified Opinion – Para 1**

Company has paid the capital advances in earlier years for total amounting Rs. 9,41,22,080 which are currently shown under long term loans and advances to the suppliers for the supply of customized equipments. The machines are manufactured and ready for dispatch but lenders had stopped funding and Company does not have enough accruals to lift the machines.

**Annexure A to the Independent Auditors' Report – Para vii a**

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

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

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

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

**MATERIAL CHANGES / INFORMATION:**

1. No material changes have taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial position of the Company. However, during the year company does not have status of Sick company due to repeal of SICA. Except this, no material change has taken place after the closure of the financial year up to the date of this report which may have substantial effect on the business and financial of the Company.
2. No significant and material orders have been passed by any of the regulators or courts or tribunals impacting the going concern status and companies operations in future.

**EXTRACT OF ANNUAL RETURN**

An extract of the Annual Return in Form MGT-9 in compliance with Section 92 of the Companies Act 2013 read with applicable rules made thereunder is annexed to this report at **Annexure - 5**.

**APPRECIATION**

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

**For and on behalf of the Board**

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

**Rajendra V. Shah**  
Chairman  
(DIN: 00020904)

## ANNEXURE 1

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

(Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2017)

## A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:-

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

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

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

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

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

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

(I) POWER & FUEL CONSUMPTION		2016-17	2015-16
1	<b>ELECTRICITY</b>		
	(a) <b>Purchased</b>		
	Unit (Kwh)	1470240	1300560
	Total Amount (Rs.)	41818746	37341897
	Rate / Unit (Rs)	28.44	28.71
	(b) <b>Own Generation</b>		
	(i) <i>Through Diesel Generator Unit (Kwh)</i>		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (Rs)	Nil	Nil
	(ii) <i>Through Steam Turbine / Generator Unit (Kwh)</i>	104408	88907
	Unit Per Kg of Lignite	0	0
	Cost Lignite / Unit (Rs)	802	272
	Cost Coal / Unit (Rs)	1396	2529
	Cost Coal & Lignite / Unit (Rs)	2198	2797
2	<b>COAL (Including Coal Fines)</b>		
	Quantity (MT)	65123	85835
	Total Cost (Rs)	145761923	224537868
	Average Rate (Rs)	2238	2616
3	<b>FURNACE OIL</b>		
	(used in the generation of power)		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (Rs)	Nil	Nil
4	<b>OTHERS - LIGNITE</b>		
	(used in the generation of steam)		
	Quantity (K Tonns)	36625	9210
	Total Cost (Rs)	83729170	24174834
	Average Rate (Rs)	2286	2625
<b>(II) CONSUMTION PER M.T. OF PRODUCTION</b>			
<b>Particulars of Product</b>			
Electricity (in Unit)		Nil	Nil
Furnace Oil		Nil	Nil
Coal (Specify quantity)		Nil	Nil
Others		Nil	Nil

**B. TECHNOLOGY ABSORPTION****(I) Research and Development (R & D)**

Particulars	2016-17	2015-16
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		
3. Future plan of action:	Nil	Nil
a. Capital	Nil	Nil
b. Recurring	Nil	Nil
c. Total	Nil	Nil
d. Total R&D expenditure as a percentage of total turnover	Nil	Nil

**(II) Technology absorption, adaptation:**

Particulars	2016-17	2015-16
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**

(Rs. in lacs)

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

**For and on behalf of the Board**

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

**Rajendra V. Shah**  
Chairman  
(DIN: 00020904)

## ANNEXURE 2

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

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

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

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

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

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

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

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

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

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

There were 330 permanent employees on the rolls of company.

**V. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out of there are any exceptional circumstances for increase in the managerial remuneration;**

During the year under review, the average annual increase was negligible.

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

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

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

NOT APPLICABLE.

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

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

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

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

**For and on behalf of the Board**

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

Place: Santej

**Rajendra V. Shah**

Chairman

(DIN: 00020904)

## ANNEXURE 3

## FORM NO. AOC -2

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

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

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Name (s) of the related party	Nature of transaction	Duration of the transaction	Salient terms of the transaction	Justification for transactions'	Date of approval by the Board	Amount paid as advances	Date of special resolution
NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

2 Details of material contracts or arrangement or transactions at arm's length basis

Name (s) of the related party	Nature of relationship	Nature of transaction	Duration of the transaction	Transactions value ) in ₹	Date of approval by the Board	Amount paid as advances
Shah Alloys Limited	Promoter company	Sale of Power	April 2016- March 2017	39,86,41,000	Since these RPTs are in the ordinary course of business and are at arms' length basis, approval of the Board is not required. However, these are reported to the Audit Committee / Board at their quarterly meetings.	N.A.
		Sale of material		1,30,65,22,118		
		Purchase of material		2,09,02,995		

For and on behalf of the Board

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

**Rajendra V. Shah**  
Chairman  
(DIN: 00020904)

## ANNEXURE 4

## FORM NO. MR-3 - SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2017

To,  
The Members,

**S.A.L. STEEL LIMITED (CIN: L29199GJ2003PLC043148)**

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

Based on my verification of the records of **S.A.L. STEEL LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliances mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

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

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

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

**I further report that**

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

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

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

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

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

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

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

**Place: Ahmedabad**  
**Date: 27th May 2017**

**For Kamlesh M. Shah & Co.,**  
**Practicing Company Secretaries**

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

## ANNEXURE-A

### Securities Laws

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

### Labour Laws

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

### Environmental Laws

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

### Taxation Laws

1. The company follows all the provisions of the taxation and Income Tax Act, 1961 and filing the returns at proper time with Income tax department and all other necessary departments.

**Place: Ahmedabad**  
**Date: 27th May 2017**

**For Kamlesh M. Shah & Co.,**  
**Practicing Company Secretaries**

**(Kamlesh M. Shah)**  
**Proprietor**  
**ACS: 8356, COP: 2072**



## ANNEXURE 5

Form No. MGT-9 Extract of Annual Return as on 31/03/2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## 1. REGISTRATION AND OTHER DETAILS:

SR. NO.	PARTICULARS	DETAILS
1	CIN	L29199GJ2003PLC043148
2	Registration date	06/11/2003
3	Name of the company	S A L STEEL LIMITED
4	Category/ sub-category of the company	Company limited by shares/ Indian Non Government Company
5	Address of the registered office and contact details	5/1 Shreeji House, 5 <sup>th</sup> Floor B/h M J Library Ashram Road Ahmedabad-380006 Gujarat
6	Whether listed company	YES
7	Name, address and contact details of registrar and transfer agent if any	KARVY COMPUTERSHARE PVT LTD. Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Phone: 91-040-67162222, Fax: 91-040-23001153 Toll Free no.: 1800-345-4001 E-mail: varghese1@karvy.com Website: www.karvycomputershare.com

## 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SL. No.	Name and descriptions of main products/ services	NIC Code of the product/ Service	% to Total turnover of the company
1	Sponge Iron & Ferro Chrome	271	89.75
2	Generation of Power	401	10.05

## 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO.	Name and address of the Company	CIN/GLN	CONCERN	% of shares held by Company	Applicable Section
		NA			

## 4. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) a) Indian/Individual/HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt. (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	42959889	NIL	42959889	50.56	42959889	NIL	42959889	50.56	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (1):-</b>	42959889	NIL	42959889	50.56	42959889	NIL	42959889	50.56	NIL
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (2):-</b>	42959889	NIL	42959889	50.56	42959889	NIL	42959889	50.56	NIL
<b>Total shareholding of Promoter (A) = (A) (1)+(A) (2)</b>									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks/FI	5000	NIL	5000	0.00	5000	NIL	5000	0.00	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (specify)									
<b>Sub-total (B) (1):</b>	5000	NIL	5000	0.00	5000	NIL	5000	0.00	NIL
2. Non-Institutions									
a) Bodies Corp.	9707133	NIL	9707133	11.42	10576446	NIL	10576446	12.45	1.03
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	23986163	103310	24089473	28.35	23123035	103310	23226345	27.34	(1.01)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	7713651	125000	7838651	9.23	7684642	125000	7809642	9.19	(0.04)
c) Others (TRUSTS, NON RESIDENT , NBFC & CLEARING MEMBERS)	366454	NIL	366454	0.43	389378	NIL	389378	0.46	0.02
<b>Sub-total (B) (2):-</b>	41762607	239204	42006811	49.44	41773501	228310	42000211	49.44	NIL
<b>Total Public Shareholding (B)=(B) (1)+ (B) (2)</b>	41767607	239204	42006811	49.44	41778501	228310	42005211	49.44	NIL
C. shares held by custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>GRAND TOTAL (A+B+C)</b>	84727496	239204	84966700	100.00	84736790	228310	84966700	100.00	NIL

**ii) Shareholding of promoters**

Name of promoter	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shares holding during the year
	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
Shah alloys ltd.	30256989	35.61	30256989	30256989	35.61	30256989	NIL
Sal Care Pvt. Ltd.	12702900	14.95	12702900	12702900	14.95	12702900	NIL
<b>Total</b>	<b>42959889</b>	<b>50.56</b>	<b>42959889</b>	<b>42959889</b>	<b>50.56</b>	<b>50.56</b>	<b>NIL</b>

**iii) Change in Promoter's Shareholding**

<b>SHAH ALLOYS LTD</b>	Shareholding at the beginning of the year		Cumulative shareholding during the year	
At the beginning of the year	30256989	35.61	30256989	35.61
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) :	No change	No change	No change	No change
At the end of the year	30256989	35.61	30256989	35.61

<b>SAL CARE PVT LTD</b>	Shareholding at the beginning of the year		Cumulative shareholding during the year	
At the beginning of the year	12702900	14.95	12702900	14.95
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) :	No change	No change	No change	No change
At the end of the year	12702900	14.95	12702900	14.95

**5. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDER (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)**

SR. NO.	NAME OF THE SHAREHOLDERS	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Satellite Mercantiles Pvt Ltd.	3566638	4.20	3566638	4.20
2	Gujarat NRE Coke Ltd.	2737682	3.22	2737682	3.22
3	Gujarat NRE Mineral Resources Ltd.	1445633	1.70	1445633	1.70
4	Phillipcapital (India) Private Limited	-	-	408404	0.48
5	Ashvin V Shah	377000	0.44	377000	0.44
6	Manish Shah	-	-	360790	0.42
7	Shah Jayeshkumar Vijaykumar	304936	0.36	304936	0.36
8	Jayesh Vijaykumar Shah	278412	0.33	278412	0.33
9	Shah Monal Jayeshkumar	261415	0.31	261415	0.31
10	Jainam Share Consultants Pvt. Ltd.	211380	0.25	273675	0.25
	<b>Total</b>	<b>9183096</b>	<b>10.81</b>	<b>10014585</b>	<b>11.71</b>

**6. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

<b>Shri Ambalal C Patel</b>	Shareholding at the beginning of the year		Cumulative shareholding during the year	
At the beginning of the year	89000	0.10	89000	0.10
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc) :	No Change	No Change	No Change	No Change
At the end of the year	89000	0.10	89000	0.10

## 7. INDEBTEDNESS

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1720749023	18684333	-	1739433356
ii) Interest due but not paid	722226721	-	-	722226721
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2442975744</b>	<b>18687333</b>	<b>-</b>	<b>2461660077</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	86591393	-	86591393
Reduction	-	-	-	-
<b>Net Change</b>	<b>-</b>	<b>86591393</b>	<b>-</b>	<b>86591393</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1720749023	105275726	-	1826024749
ii) Interest due but not paid	722226721	-	-	722226721
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>2442975744</b>	<b>105275726</b>	<b>-</b>	<b>2548251470</b>

## 8. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## a. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SL No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount Rs.
1.	Salary	Shri Sujal Shah	4,32,000
		Shri B.M Singhal (WTD & CFO)	4,92,000
		Shri Anil Pandya	4,80,000
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify...	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	As per Section (II) Part (II) of Schedule V.	

## b. Remuneration to other directors:

Particulars of Remuneration	Name of Directors						
	Shri A.C. Patel	Shri Tejpal S. Shah	Shri Harshad M. Shah	Shri Jethalal M. Shah	Shri Shrikant N Jhaveri	Smt. Shefali M. Patel	Total Amount Rs.
Fee for attending board / committee meetings	36,000	18,000	36,000	36,000	36,000	18,000	1,80,000
Commission	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Others, please specify							
<b>Total</b>	<b>36,000</b>	<b>18,000</b>	<b>36,000</b>	<b>36,000</b>	<b>36,000</b>	<b>18,000</b>	<b>1,80,000</b>
Overall Ceiling as per the Act	Ceiling for sitting fee as per Section 197 (5) read with Rule 4 of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is Rs. 1,00,000/- per meeting of Board/Committee						

## 9. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO/CEO	Total
		Shri Nirajkumar Jain	Shri Babulal Singhal	
1	Gross salary	3,60,000	4,92,000	8,52,000
2	Stock Option	N.A.	N.A.	N.A.
3	Sweat Equity	N.A.	N.A.	N.A.
4	Commission	N.A.	N.A.	N.A.
	- as % of profit	N.A.	N.A.	N.A.
	others, specify...	N.A.	N.A.	N.A.
5	Others, please specify	N.A.	N.A.	N.A.
	Total	3,60,000	4,92,000	8,52,000

## 10. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD/ NCLT / Court]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	No	No	No	No	No
Punishment	No	No	No	No	No
compounding	No	No	No	No	No
<b>B. DIRECTORS</b>					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No
<b>C. Other Officers In Default</b>					
Penalty	No	No	No	No	No
punishment	No	No	No	No	No
compounding	No	No	No	No	No

## CORPORATE GOVERNANCE REPORT

[Pursuant to Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 “Listing Regulations”]  
Detailed report on Corporate Governance for the financial year ended March 31, 2017, as per regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is set out below:

**1. COMPANY’S PHILOSOPHY ON CODE OF GOVERNANCE :**

The Company implements and practices the principles of Corporate Governance based on fairness, transparency, integrity, honesty and accountability consistently being followed in all its business practices and dealings.

The Company is committed to observe good governance by focusing on adequate & timely disclosures, transparent & robust accounting policies, strong & independent Board and endeavors to maximize shareholders benefit.

**2. BOARD OF DIRECTORS :****COMPOSITION AND CATEGORY**

Composition of Board and Directorship held as on March 31, 2017 and numbers of meetings held and attended during the year are as follows:

Name of Director	Category	Numbers of Board Meetings		No. of other Directorships held	Committee Memberships held in other companies		Attendance at Last AGM
		Held during the year	Attended during the Year		as member	as Chairman	
<b>NON-EXECUTIVE DIRECTOR</b>							
Shri RajendraV.Shah	Promoter Non- Executive Chairman	4	4	1	1	Nil	Yes
<b>EXECUTIVE DIRECTORS</b>							
Shri Sujal Shah	Non Promoter Executive Director	4	3	Nil	Nil	Nil	Yes
Shri BabulSinghal	Non Promoter Wholetime Director	4	4	Nil	Nil	Nil	No
Shri Anil Pandya	Non Promoter Wholetime Director	4	4	Nil	Nil	Nil	No
<b>INDEPENDENT DIRECTORS</b>							
Shri Ambalal C. Patel	Non – Executive & Independent	4	4	8	7	4	Yes
Shri Harshad M. Shah	Non-Executive & Independent	4	4	1	1	Nil	No
Shri Tejpal S. Shah	Non-Executive & Independent	4	4	1	2	Nil	No
Shri Jethalal M. Shah	Non-Executive & Independent	4	4	Nil	Nil	Nil	No
Shri Shrikant N. Jhaveri	Non-Executive & Independent	4	4	Nil	Nil	Nil	Yes
Smt. Shefali M. Patel	Non-Executive & Independent	4	4	1	Nil	Nil	Yes

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independency of the Board and to separate the board functions of governance and management. The Board currently comprises of three Executive Directors and Seven Non-Executive Directors including the Chairman of the Board.

**MEETINGS OF THE BOARD OF DIRECTORS**

During the financial year, the Board met 4 times:

- May 30, 2016
- August 14, 2016
- November 12, 2016
- February 11, 2017

**Independent Directors’ Meeting**

Independent Directors met on February 11, 2017 without presence of Non- Independent Directors and members of the Management. At this meeting, the Independent Directors inter alia evaluated performance of the Non-Independent Directors and the Board of Directors as a whole, evaluated the performance of the Chairman of the Board and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company’s Management and the Board.

**DISCLOSURE OF RELATIONSHIPS BETWEEN DIRECTORS INTER-SE**

None of the Directors are related to each other.

**SHAREHOLDING OF NON-EXECUTIVE DIRECTORS**

As on March 31, 2017, Shri Ambalal C. Patel, Independent Director of the Company held 89,000 shares in the equity share capital of the Company. None of the other Non-Executive Directors hold any equity shares in the Company.

**DETAILS OF FAMILIARISATION PROGRAMMES IMPARTED TO INDEPENDENT DIRECTORS**

Pursuant to regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company should familiarise the independent directors through various programs about the Company. During the financial year, senior management team has from time to time made presentations to Directors giving an overview of the Company's operations, function, strategy and risk management plan of the Company.

**3. COMMITTEES OF THE BOARD**

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is governed by its Charter which outlines the scope, roles, responsibilities and powers. All the decisions and recommendations of the Committee are placed before the Board for its approval.

The various Board level Committees are as under:-

- Audit Committee;
- Nomination & Remuneration Committee; and
- Stakeholders Relationship Committee

**AUDIT COMMITTEE:**

The terms of reference of the Audit Committee are wide enough to cover matters specified for Audit Committees under Regulation 18 of the SEBI (Listing Obligations and Disclosure requirements), Regulations 2015 as well as in Section 177 of the Companies Act, 2013 besides other terms as may be referred to by Board of Directors from time to time.

The Audit Committee comprises of four non-executive Directors and all of them are Independent Directors. During the period under review, four Audit Committee meetings were held respectively on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017. The composition of the Audit Committee and attendance at its meetings is given hereunder:

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethabhai M. Shah	Chairman	4	4
Shri Ambalal C. Patel	Member	4	4
Shri Harshad M. Shah	Member	4	4
Shri Shrikant N. Jhaveri	Member	4	4

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

**4. NOMINATION AND REMUNERATION COMMITTEE:**

The Remuneration Committee comprises of three independent Non-executive directors

During the period under review, four meetings of Nomination and Remuneration Committee were held on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017.

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethalal bhai M. Shah	Chairman	4	4
Shri Ambalal C. Patel	Member	4	4
Shri Harshad M. Shah	Member	4	4

Nomination and Remuneration Committee has been constituted to recommend/review the remuneration package of the Managing/ Whole Time Directors and KMPs based on performance and defined criteria.

**Board Evaluation**

Pursuant to section 134 of the Companies Act, 2013, the Board is responsible for the formal Annual Evaluation of its own performance, of its committee & Individual Directors. Further, as per regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, performance evaluation of the Independent Directors shall be done by entire Board of Directors, excluding directors being evaluated.

During the year, Board in concurrence with Nomination & Remuneration Committee has laid down the evaluation criteria for itself, Committees, Chairperson, Executive and Non- Executive Directors and Independent Directors. The evaluation was carried out through a structured questionnaire covering various aspects of the functioning of the Board of Directors.

The following broad parameters were considered to evaluate the performance of the independent Directors:

- Integrity, maintenance of high standard and confidentiality;
- Commitment and participation at the Board & Committee meetings;
- Effective deployment of knowledge and expertise;
- Exercise of independent judgment in the best interest of Company;
- Interpersonal relationships with other directors and management.

The following broad parameters were considered to evaluate the performance of the Board and Committees:

- Size, structure and expertise of the Board/Committees;
- Review of strategies, risk assessment, robustness of policies and procedures by Board;
- Oversight of the financial reporting process & monitoring Company's internal control system;
- Quality of agenda, conduct of meeting, procedures and process followed for effective discharge of functions;
- Effective discharge of functions and duties by Committee as per terms of reference;
- Appropriateness and timeliness of the updates given on regulatory developments;
- Board's engagement with senior management team.

## 5. Remuneration of Directors

### a. All Pecuniary Relationship or Transactions of the Non- Executive Directors

There were no pecuniary relationship or transactions of the non-executive directors vis a vis the Company.

### b. Criteria for Making Payment to Non- Executive Directors

Role of Non-Executive/Independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas. The Company seeks their expert advice on various matters from time to time. Hence, the compensation to the non-executive/independent directors is recommended.

### c. Compensation/Fees Paid to Non-Executive Directors

Non-Executive Independent Directors were paid sitting fees for attending the Board and Committee Meetings.

### d. Details of Remunerations

Details of remuneration and sitting fees paid or provided to all the directors during the year ended March 31, 2017 are as under:

Name of Director	Sitting Fees (Rs.)	Salaries & Perquisites (Rs.)	Commission (Rs.)	Total (Rs.)
Shri Rajendra V. Shah	Nil	Nil	Nil	Nil
Shri Sujal A. Shah	Nil	4,32,000	Nil	4,32,000
Shri Babulal M. Singhal	Nil	4,92,000	Nil	4,92,000
Shri Anilkumar Pandya	Nil	4,80,000	Nil	4,80,000
Shri Ambalal C. Patel	36,000	Nil	Nil	36,000
Shri Tejpal S. Shah	18,000	Nil	Nil	18,000
Shri Harshad M. Shah	36,000	Nil	Nil	36,000
Shri Jethalal M. Shah	36,000	Nil	Nil	36,000
Shri Shrikant N. Jhaveri	36,000	Nil	Nil	36,000
Smt. Shefali M. Patel	18,000	Nil	Nil	18,000

## 6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

The Committee is empowered to oversee the redressal of Investors' complaints and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

During the period under review, four meetings of Stakeholders' grievance Committee were held on 30.05.2016, 14.08.2016, 12.11.2016 and 11.02.2017.

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethabhai M. Shah	Chairman	4	4
Shri Ambalal C. Patel	Member	4	4
Shri Harshad M. Shah	Member	4	4



**Name and designation of Compliance Officer**

Shri Nirajkumar Jain, Company Secretary has been appointed as Compliance Officer of the Company as per regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to discharge all duties under the listing regulations.

**Details of Shareholders Complaints**

The details of shareholders complaints received and resolved till March 31, 2017 are as under:

No. of shareholders' complaints received during the year: Nil

No. of complaints not resolved to the satisfaction of shareholders: Nil

No. of pending Complaints: Nil

No. of complaints resolved during the year: Nil

**7. GENERAL BODY MEETING****Date, Time and Venue of the last three Annual General Meetings:**

Year	Date	Time	Venue	No. of special resolutions passed
2013-14	September 24 <sup>th</sup> , 2014.	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	1
2014-15	September 24 <sup>th</sup> , 2015.	10:30 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	0
2015-16	September 24 <sup>th</sup> , 2016.	09:30 A.M.	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	1

1. No extra-ordinary general meeting of the shareholders was held during the year.
2. Postal ballot: during the year under review, no resolution was put through by postal ballot.

**8. MEANS OF COMMUNICATION**

- a. All Quarterly / Annual financial results are immediately sent to stock exchanges after being taken on record by the Board.
- b. As per the requirements of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site.
- c. The Company's website [www.salsteel.co.in](http://www.salsteel.co.in) contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

**9. GENERAL SHAREHOLDERS INFORMATION**

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L29199GJ2003PLC043148.

**a) Annual General Meeting.**

**Date :** 30<sup>th</sup> September, 2017

**Time :** 10:00 A.M.

**Venue:** SAL Institute & Engineering Research, Opp. Science City, Ahmedabad: 380 060.

**b) Financial Year**

For accounting and financial reporting purpose, Company follows Financial Year which starts from 1<sup>st</sup> April each year and ends on 31<sup>st</sup> March of every succeeding year.

The Quarterly Results for the financial year 2017-18 will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30<sup>th</sup> June 2017 : By 14<sup>th</sup> September 2017

Quarter ending 30<sup>th</sup> September 2017 : By 14<sup>th</sup> December 2017

Quarter ending 31<sup>st</sup> December 2017 : By 14<sup>th</sup> February 2018

Quarter ending 31<sup>st</sup> March 2018 : By 30<sup>th</sup> May 2018

**c) Dividend Payment Date :** Not Applicable

**d) Listing on Stock Exchange :** **Bombay Stock Exchange Ltd.(BSE)**  
Phiroze Jeejee bhoy Towers Dalal Street, Mumbai – 400001 (Scrip Code: 532604)  
**National Stock Exchange of India Ltd (NSE)**  
"Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400051  
(NSE Symbol: SALSTEEL)

Company has paid listing fees in respect of financial year 2017-2018 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

**Demat ISIN No. for NSDL and CDSL :** INE658G01014

- e) **Stock code** : Bombay Stock Exchange Ltd.(BSE)**Scrip Code: 532604**  
National Stock Exchange of India Ltd (NSE)**Symbol: SALSTEEL**

- f) **Share Price Data** (Rs. per share)

Month	Price at BSE		Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 16	3.25	2.16	3.30	2.50
May' 16	3.08	2.43	3.10	2.25
June' 16	2.78	2.17	2.90	2.20
July' 16	3.60	2.28	3.70	2.30
Aug' 16	3.40	2.70	3.35	2.70
Sept' 16	3.30	2.53	3.75	2.60
Oct' 16	4.65	2.77	4.70	2.70
Nov' 16	5.14	3.24	5.15	3.15
Dec' 16	4.09	3.52	4.10	3.40
Jan' 17	4.59	3.66	4.55	3.50
Feb' 17	6.49	3.97	6.55	3.90
Mar' 17	6.15	4.65	6.10	4.65

- g) **Registrar to Issue and Share Transfer Agents**

The members of the Company may address all its communication relating to transfer, transmission, Refund order, Dividend, National Electronic Clearing system (NECS) dematerialisation etc. to Company's Share Transfer agent i.e. Karvy Computershare Private Limited at the below address and may also write to the Company.

Name : Karvy Computershare Private Limited  
Address : Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, - 500 032.  
Phone : 91-040-67162222  
Fax : 91-040-23001153  
Toll Free no. : 1800-345-4001  
Email : varghese1@karvy.com  
Website : www.karvycomputershare.com

- h) **Share Transfer System**

All transfers of shares held in physical form are dealt by our Registrar and Share Transfer Agents. Presently the share transfers received in physical form are processed and registered within prescribed time periods (15) days from the date of receipt subject to the documents being valid and complete in all respects. Depositories control share transfers in Demat Mode. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance in respect of compliance with share transfer formalities as required under Regulations 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the stock exchanges.

- i) **Shareholding pattern as on 31st March, 2017**

Category	No. of Shares	%
Promoters	42959889	50.56
Clearing Members	24981	0.03
Indian Public	28863445	33.96
Domestic Companies	10576446	12.45
Nationalized Bank/ Insurance Company / NBFC	6600	0.01
NRI	286369	0.34
NRI NON-REPATRIATION	76428	0.09
HUF	2172542	2.56
Total	<b>84966700</b>	<b>100</b>

**Distribution of shareholding as on 31st March, 2017**

Shareholding (Range)	No. of Shares	%	No. of Members	%
Up to 5000	50173020	5.90	19581	69.36
5001 - 10000	38643830	4.55	4318	15.30
10001 - 20000	32456050	3.82	1989	7.05
20001 - 30000	19790250	2.33	751	2.66
30001 - 40000	12471190	1.47	341	1.21
40001 - 50000	17658010	2.08	368	1.30
50001 - 100000	35599050	4.19	470	1.66
100001 & above	642875600	75.66	413	1.46
<b>Total</b>	<b>849667000</b>	<b>100</b>	<b>28231</b>	<b>100.00</b>

**j) Dematerialization of Shares and Liquidity**

On March 31<sup>st</sup> 2017, nearly 99.73% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized.

**k) Plant Location:**

The Company's plant is located at: Survey No. 245, Village Bharapar, Tal. Gandhidham, Dist. Kutch, Gujarat

**l) Registered & Administrative Offices:****Registered Office**

5/1, Shreeji House,  
Behind M. J. Library, Ashram Road  
Ahmedabad – 380006, Gujarat

**Administrative Office:**

SAL Steel Limited,  
Corporate House,  
Sola-Kalol Road, Village Santej,  
Dist: Gandhinagar, Gujarat – 382721

**m) Address for Investor Correspondence:**

In case any problem or query shareholders can contact at:

**Name** : Nirajkumar V. Jain, Company Secretary cum Compliance officer  
**Address** : S.A.L. Steel Limited,  
Shah Alloys Corporate House, Sola-Kalol Road, Santej, Dist. Gandhinagar, Gujarat 382 721  
**Phone** : 91-02764-661100/11  
**Fax** : 91-02764-661110  
**Email** : sal.investor@salsteel.co.in

Shareholders may also contact Company's Registrar & Share Transfer Agent at:

**Name** : Karvy Computershare Private Limited  
**Address** : Karvy Selenium Tower B, Plot no. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, - 500 032.  
**Phone** : 91-040-67162222  
**Fax** : 91-040-23001153  
**Toll Free no.** : 1800-345-4001  
**Email** : varghese1@karvy.com  
**Website** : www.karvycomputershare.com

**OTHER DISCLOSURES :****Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:**

There is no materially significant related party transaction that may have potential conflict with the interests of the Company at large have been entered.

During the financial year, all transactions entered into with the Related Parties as defined under Companies Act, 2013, were in the ordinary course of business and on an arm's length basis and did not attract provisions of Section 188 of Companies Act, 2013. However, prior approvals from the Audit Committee are obtained for transactions which are in ordinary course of business and repetitive in nature. Further, on quarterly basis, disclosures are made to the Audit Committee and to the Board.

Details of related party transactions are also presented in the notes to financial statements.

The Company has formulated the policy on materiality of related party transactions and on dealing with related party transactions and it is available at the website of the Company at: <http://www.salsteel.co.in>.

**Details of non-compliance by the listed entity, penalties and structures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:**

Pursuant to Section 149 of the Companies Act, 2013, Company delayed in the appointment of women director on the Board and accordingly BSE and NSE imposed penalty on the Company in the Financial Year 2015-16. During the period under review, there is no non-compliance or penalty imposed by any authority.

**Establishment of vigil mechanism and affirmation that no personnel has been denied access to the audit committee:**

The Company has implemented a Vigil Mechanism Policy, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non-compliance to code of conduct to the Company. The policy safeguards the whistleblowers to report concerns or grievances and also provides a direct access to the Chairman of the Audit Committee. During the financial year none of the personnel has been denied access to the audit committee.

**Corporate Governance Compliance Certificate**

Compliance Certificate from M/s Kiran Kumar Patel, Practicing Company Secretaries, as regarding compliance of conditions of corporate governance is annexed with corporate governance report.

**Disclosure of Accounting Treatment**

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014.

**CEO and CFO Certification**

As required by Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, CFO has given Compliance Certificate on financial statements to the Board of Directors.

**DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL**

We, Anil Pandya, Whole Time Director & Babulal M. Singhal, Whole Time Director & CFO of the Company, hereby certify that all Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code of Conduct in accordance with Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with Stock Exchange. Company has adopted a code of conduct for all Board members and senior management of the company which is posted on the website of the company.

We further confirm that during the year, none of the Directors or any of the Key managerial persons had done any trading in shares of the Company in the secondary market. Further the company had not made any allotment of shares to any Directors or any of the key managerial personnel during the year.

The above Report was adopted by the Board at their meeting held on 27<sup>th</sup> May 2017.

For, S.A.L. Steel Limited

Place: Santej  
Date: 27.05.2017

Anil Pandya  
Whole time Director  
(DIN 02453919)

Babulal M. Singhal  
Whole Time Director & CFO  
(DIN 01484213)

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of  
S.A.L. STEEL LIMITED

We have examined the compliance of conditions of Corporate Governance by S.A.L Steel Limited ('the Company'), for the year ended 31st March, 2017 as per the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in the Listing Regulations for the period 1st April, 2016 to 31st March, 2017.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

FOR, K.K PATEL AND ASSOCIATES

Place : Gandhinagar  
Date : 05.08.2017

Sd/-  
Kiran Kumar Patel  
Company Secretary  
CP No. 6352

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

India is the largest producer of sponge iron in the world. The major factors for the growth of the Sponge Iron Industry has been the availability of iron ore and non-coking coal - inputs used in its manufacture and the demand for steel in the country. Sponge iron, also called Direct-Reduced Iron (DRI), is produced from direct reduction of iron ore (in the form of lumps, pellets or fines) by reducing gas produced from natural gas or coal. India has an estimated of 200 sponge - iron units, of which more than 100 are coal-based units. This industry has mastered the art of sponge iron making and utilizes indigenous raw materials like iron ore and non-coking coal unlike the blast furnace route which is heavily dependent on import of coking coal. The future of the industry will depend upon the government policies, raw materials security at affordable prices and finance cost.

The condition of the Indian sponge iron industry is deteriorating every quarter both on demand and financial fronts. There are many reasons which can be attributed for this state of affairs such as falling steel prices and dumping of cheaper steel particularly from China, higher electricity & interest cost, uncertainty in the availability and price of vital raw materials like iron ore & coal, increasing import of steel melting scrap etc. Coal based sponge iron production route have some issues because of the deteriorating quality of iron ore and coal and module size. Nevertheless, larger units having waste heat recovery system for power generation are better placed on both the fronts of energy efficiency and environment.

The industry requires massive investments. This sector provides direct & indirect employment to more than half a million people and is an important contributor in the induction furnace / electric arc furnace steel making route. **The minimum import price of steel** is a good move to protect the Indian steel industry which will provide great relief to the Indian steel producers from the dumping of cheaper steel.

Your company operates two rotary kilns with installed capacity of 100 TPD and 500 TPD. Company has its customer base mainly in western Region in India and export market. The waste gas from sponge making kilns has significant energy in the form of heat. This energy is recovered in waste heat recovery boilers to generate steam, which then passes through generator for producing power. Company has two waster heat recovery boilers of 53.2 TPH and 10.3 TPH. Combined capacity of power plant is 40 MW. Surplus power is sold by way of wheeling to Shah Alloys Ltd. being promoter of SAL Steel. Iron ore and coal are two important raw materials in production of sponge iron. Iron ore and pellets are procured indigenously and sometime imported. Coal was sourced mostly from overseas markets.

Ferro chrome is a value – added intermediate product which imparts the non-corrosive property to stainless steel and special alloy steel.

### OPPORTUNITIES AND THREAT:

As the financial crisis hit the global economy, the Direct Reduction Industry was hit as hard as other sectors. Though the slow down prospect cannot be defied, the growth of the industry is expected to remain robust in the coming future. Demand of sponge iron is synonymous with the secondary steel industry subjected to other factors remaining same and hence industry should logically be quite optimistic.

The depressed demand in sponge iron can be attributed to the overall weak demand for steel products. The demand for finished steel in India has been weak for the past couple of quarters and has, in turn, affected demand for sponge iron. With the opening up of key mines in Odisha, the top iron ore producing state, raw material rates would fall.

It needs no reiteration that the fortunes of ferro alloy industry saddled to that of the steel industry. In the current year, steel prices have been down by about 33% & consequently the fall in gross margins of steel producers, which has been alarming.

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Production of sponge iron during the year was 1,57,065 MT as compared to 1,53,646 MT as compared in the previous year. Production of Ferro Chrome was 12,264 MT as compared to 12,339 MT in the previous year.

Accordingly, sales for sponge iron during the year was 1,56,939.75 MT as compared to 1,52,286.140 MT in the previous year. Sales of Ferro Chrome during the year were 12,408.95 MT as compared to 11,885.625 MT in the previous year.

Company has a power generation plant of 40 MW. During the year 99660.25 MWH of power was sold by way of Captive Consumption as against 71,717.750 MWH in the previous year.

During the year under review Net Turnover of the Company has been increased from Rs. 33819.36 lacs to Rs. 36298.13 as compared to previous year's turnover. Company has registered a net profit of Rs. 689.25 as compared to loss of Rs. 2876.84 lacs during previous year.

### OUTLOOK

The Indian economy has showed clear signs of recovery in FY 2016-17. The Govt. of India has centralized focus on ease of doing business. In this endeavor it has done away with various compliances in business and taking various reforms like the biggest historical tax reform in Indirect Taxation. The GST would be game changer and promises a lot to the Indian economy. It is expected to boost Indian GDP growth by 1.5 – 2 %. The "Make in India" plan alongwith scheme of entry of Private Sector companies into various sectors will give a major boost to the Indian Industry. The Indian mines are under process of market development and would like to see some positive signs of demands raised for product development. The borrowing cost may not see rise this year owing to liquidity availability with bankers due to demonetization. Your company is expecting better results in the coming years.

**RISK AND CONCERNS**

The process of Risk Management in the company identifies inherent risks in its operations and records residual risk after taking specific risk mitigation steps. The company has identified and categorized risks in the areas of Operations, Finance, Marketing, Regulatory Compliances and Corporate matter.

The volatility in price of sponge iron, excess supply of sponge iron in the market will have an effect of squeezing margins and poses risk to the profitability. New customers, new market and cost reduction have been identified as the mitigation measures.

Also, the enforcement of recent Tariff policy guidelines on power by Government of India that requires the State Electricity Regulatory Commission to ascertain sale price of power based on cost of generation will have an impact on the revenue from export of power.

Fluctuation of import coal price, increase in USD-INR exchange rate, may lead to increase in cost of production. This is mitigated by continuous evaluation of international coal price vis-à-vis Indian coal price and accordingly the action plan for procurement has been formulated.

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has adequate internal control procedures commensurate with its size and nature of its business. The objectives of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial statements and due compliance of statutes and Company's policies and procedures.

**HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company is working on enhancing its competencies to take care of current and future business. Its employee strength as on March 31, 2016 was 330. Human Resource and Industrial Relations departments have developed systems and policies on recruitment, performance management, learning and development, and employee engagement. The Workers union of the Company has maintained healthy and cordial industrial relations, and has been an equal partner in implementing Company's policies and achieving stretched operational targets, year on year.

**CAUTIONARY NOTE**

Statements in Management Discussion and Analysis Report describing the Company's expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence Company's operations include global and domestic supply & demand conditions affecting selling prices of finished goods, input availability and prices, changes in the government regulations, tax laws, economic development within the country and other factors such as litigations and industrial relations.

**INDEPENDENT AUDITOR'S REPORT**

To the Members of  
S.A.L. STEEL LIMITED  
AHMEDABAD

**Report on the Financial Statements**

We have audited the accompanying financial statements of S.A.L STEEL Limited ('the Company'), which comprise the Balance sheet as at March 31, 2017, the Statement of Profit and loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Basis for Qualified Opinion**

1. *Management is of the view that they do not anticipate execution of its ongoing capital projects. However, the Company has not made adequate provision towards recovery of capital advances for the said project for the amount of Rs. 912.32 Lacs which are currently shown under Long term loans and advances. The consequential impact of adjustment, if any, on the actual realization of said advances on the financial statements is currently not ascertainable. Therefore, we are unable to comment on its consequential financial impact, if any, on the financial statements.*

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profits for the year ended March 31, 2017 and its cash flows for the year ended on that date.

**Emphasis of Matters**

We draw attention to the following matters in the Notes to the Financial Statements:

1. Note 26 to the financial statements which describes that the Non disclosure of Reportable Segments as required under Accounting Standard – 17 'Segment Reporting', there is no impact on the Statement of Profit and Loss due to non disclosure.
2. During the year, the Company has accumulated losses and its net worth has been fully eroded. The Financial Statements indicates that the Company has incurred a net loss during the previous year(s) and, the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note 28 to the financial statements.

3. Assignment of dues for various facilities provided to the company by banks to Invent Assets Securitization and Reconstruction Private Limited as per Note 29 to the financial statements.
4. Note 27 to the Financials regarding the company's reference being filed under section 15(1) of SICA (Special Provision) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24th August 2015 has registered the reference filed by the company vide case no 109/2015.

Our opinion is not modified in respect of these matters.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance sheet, the Statement of Profit and loss and the Cash flow statement dealt with by this Report are in agreement with the books of account;
  - d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under;
  - e) The going concern matter as described in sub-paragraph (2) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 18 to the financial statements;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in its Financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on Management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer to Note 45 to the Financial statements.

**For Talati & Talati**  
**Chartered Accountants**  
**(Firm Reg. No: 110758W)**

**Place: Ahmedabad**  
**Date: May 27, 2017**

**Umesh Talati**  
**Partner**  
**Mem No. : 034834**



## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independents Auditor's Report to the members of the Company on the Standalone financial statement for the year ended 31st March 2017, we report that:

- i) In respect of its Fixed Assets:
- The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
  - As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
  - According to the information and explanation given to us and on the basis of our examination of records of the company, the title deeds of the immovable properties held are in the name of the company.
- ii) In respect of its inventories:
- As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of the verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) In respect of Loans, Secured or Unsecured granted by the company to companies, firms, Limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013:
- According to the information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies, Limited liability partnership or firms or other parties covered in the register maintained under section 189 of the Companies Act 2013 and hence sub-clause (a) & (b) & (c) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company.
- iv) The Company has complied with the provision of Section 185 & 186 of Companies Act, 2013 with respect of loans, investments and guaranty made.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014 with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Companies Auditor's Report Order 2016 are not applicable to the Company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records as specified under Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) In respect of the Statutory dues:
- According to the records of the company, undisputed Statutory dues including provident fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have not been generally regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2017 for a period of more than six months from the date of becoming payable except dues for (1) deferred sales tax liability for Rs. 22.63 lacs which was due on May 2016 and not paid by the Company and the same is unpaid as at 31st March 2017 and (2) dues of Value added tax(VAT) during the year to the tune of Rs. 11,94,28,290/- which are outstanding for more than 180 days as at the balance sheet date..
  - On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed dues of Rs. 25,73,86,625/- have not been deposited as on 31st March, 2017 on account of matters pending before the appropriate authorities. The details of which are as under :

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount Relates	Forum where the dispute is pending	Amount under dispute not yet deposited (in Rs.)
1.	Central Excise Act, 1944	Central Excise Duty	2006-07	Appellate Tribunal Ahmedabad	5,55,781
2.	Central Excise Act, 1944	Central Excise Duty	2008-09	Appellate Tribunal Ahmedabad	10,41,057

2.	Central Excise Act, 1944	Central Excise Duty	2008-09	Appellate Tribunal Ahmedabad	10,41,057
3.	Custom Act, 1962	Custom Duty	2011-12	Appellate Tribunal Ahmedabad	2,41,79,202
4.	Central Excise Act, 1944	Central Excise Duty	2012-13	Appellate Tribunal Ahmedabad	4,49,84,993
5.	Gujarat Value Added Tax Act 2003	Value Added Tax	2006-07	Jt. Value Added Tax Commissioner (Appeal)	3,65,63,595
6.	Central Excise Act, 1944	Central Excise Duty	2008-09 to 2010-11	Supreme Court	5,90,14,068
7.	Central Service Tax Act, 1994	Service Tax Duty	2009-10	Service Tax Commissioner	25,36,074
8.	Central Excise Act, 1944	Central Excise Duty	2005-06 to Sep 2014	Central Excise Commissioner	6,26,28,410
9.	Central Excise Act, 1944	Central Excise Duty	2012-13	Central Excise Commissioner	80,11,535
10.	Gujarat Value Added Tax Act 2003	Value Added Tax	2011-12	Jt. Value Added Tax Commissioner (Appeal)	1,78,71,910

viii) On the basis of the information and explanation given to us and on the basis of records produced before us, the company has defaulted in repayment of dues as follows:

NAME OF THE BANK	NATURE OF FACILITY	Amount (in Rs.) of Default as at 31-03-2017	Period Of Default (No. of Days)
Union Bank Of India	Term Loan	45,85,10,556	1 to 1170
	Working Capital	31,93,91,914	1 to 745
	Interest	30,41,67,170	1 to 745
State Bank of India	Term Loan	41,05,87,716	1 to 1170
	Working Capital	37,35,80,824	1 to 944
	Interest	39,41,86,852	1 to 944
State Bank of Saurashtra	Term Loan	7,67,57,187	1 to 1170
State Bank of Hyderabad	Term Loan	5,07,11,642	1 to 1170
	Interest	2,38,72,699	1 to 836

\*The Dues of State bank of Hyderabad, Union Bank of India, State bank of India have been assigned to Invent Assets Securitization and Reconstruction Pvt Ltd respectively w.e.f 1st July 2015, 3rd July 15 and 30th Oct 2015. However, no agreements have been executed between the company and Invent Assets Securitization and Reconstruction Pvt Ltd as on March 31, 2017. And hence, defaults have been considered towards banks as mentioned above till the date of Dues of respective banks being assigned to Invent Assets Securitization and Reconstruction Pvt Ltd.

- ix) According to the records of the company, the company has neither raised any monies by way of Initial Public Offer or Further Public Offer nor has the company obtained any term loan. Hence, the comments under the clause are not called for.
- x) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officers and employee has been noticed or reported for the year under audit.
- xi) The Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.
- xii) In our opinion, and to the best of our information and according to the explanations provided by the management, we are of the opinion that the company is not a nidhi company. Hence, in our opinion, the requirements of clause (xii) of Paragraph 3 of the Order do not apply to the Company.
- xiii) The Company has complied with Section 177 and 188 of Companies Act, 2013, in respect of transactions with the related parties and relevant details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or full or convertible debentures during the year under review. Hence, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of Clause (xv) of paragraph 3 of the Order are not applicable to the Company.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of Clause (xvi) of paragraph 3 of the Order are not applicable to the Company.

For Talati & Talati  
Chartered Accountants  
(Firm Reg. No: 110758W)

Place: Ahmedabad  
Date: May 27, 2017

Umesh Talati  
Partner  
Mem No. : 034834

## Balance Sheet as at March 31, 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share Capital	3	8,496.67	8,496.67
(b) Reserves and Surplus	4	(11,317.12)	(12,006.37)
		(2,820.45)	(3,509.70)
<b>(2) Non-current liabilities</b>			
(a) Long-term borrowings	5	90.52	424.92
(b) Other Long Term Liabilities	6	44.05	44.05
(c) Long-term provisions	7	84.48	77.43
		219.05	546.40
<b>(3) Current liabilities</b>			
(a) Short-term borrowings	8	7,982.48	7,116.57
(b) Trade payables	9	3,147.57	2,307.33
(c) Other current liabilities	10	20,357.46	18,483.58
(d) Short-term provisions	11	73.54	81.63
		31,561.05	27,989.11
<b>TOTAL</b>		<b>28,959.65</b>	<b>25,025.81</b>
<b>II ASSETS</b>			
<b>Non-current assets</b>			
<b>(1) (a) Fixed assets</b>			
(i) Tangible assets	12	13,274.24	13,974.61
(ii) Intangible assets		5.77	5.77
(iii) Capital work-in-progress		2,470.25	2,470.25
		15,750.26	16,450.63
(b) Long-term loans and advances	13	841.85	938.87
		16,592.11	17,389.50
<b>(2) Current assets</b>			
(a) Inventories	14	6,020.33	2,920.14
(b) Trade receivables	15	5,380.53	4,038.42
(c) Cash and Cash equivalents	16	123.67	111.23
(d) Short-term loans and advances	17	843.01	566.52
		12,367.54	7,636.31
<b>TOTAL</b>		<b>28,959.65</b>	<b>25,025.81</b>
<b>The accompanying notes are an integral part of these financial statements</b>			
	1 to 46		

As per our Report of even date

**For Talati & Talati**Chartered Accountants  
FRNo: 110758W**Umesh Talati**Partner  
M.No. 34834

Place : Ahmedabad

Date : 27/05/2017

For and on behalf of the Board of Directors

**Rajendra V. Shah**

Chairman

**B M Singhal**

Whole Time Director Cum CFO

**Anil Pandya**

Whole Time Director

**Nirajkumar Jain**

Company Secretary

## Statement of Profit &amp; Loss for the year ended on March 31, 2017

(Amount ₹ in Lacs)

	Note No	As At 31st March 2017	As At 31st March 2016
I. Revenue from Operations	19	39,702.93	37,512.82
Less:Excise duty		3,641.77	3,751.53
Revenue from Operations(net)		36,061.16	33,761.29
II. Other income	20	236.97	58.07
III. Total revenue (I + II)		<b>36,298.13</b>	<b>33,819.36</b>
<b>IV. Expenses</b>			
Cost of materials consumed	21	24,029.98	22,586.99
Purchases of stock-in-trade		0.00	0.00
Changes in inventories of finishedgoods , work-in-progress and stock-in-trade.	22	(274.48)	(218.77)
Employee benefits expense	23	1,271.32	1,101.86
Finance costs	24	73.06	1,240.00
Depreciation and amortization expense		764.23	846.86
Other expenses	25	9,744.77	7,969.02
<b>Total expenses</b>		<b>35,608.88</b>	<b>33,525.96</b>
V. <b>Profit before Extra Ordinary Items and Tax (III-IV)</b>		<b>689.25</b>	<b>293.40</b>
VI Extra Ordinary Items ( Refer Note No 30)		0.00	3,170.24
VII <b>Profit (Loss) before Tax (V-VI)</b>		<b>689.25</b>	<b>(2,876.84)</b>
VIII <b>Tax expense:</b>			
Deferred tax		0.00	0.00
Income tax of earlier years		0.00	0.00
IX <b>Profit (Loss) after tax</b>		<b>689.25</b>	<b>(2,876.84)</b>
Earnings per equity share(Face value of Rs.10/- each)	34		
Basic and Diluted - Before Extra Ordinary Items		0.81	0.35
Basic and Diluted - After Extra Ordinary Items		0.81	(3.39)
The accompanying notes are an integral part of these financial statements	1 to 46		

## As per our Report of even date

## For Talati &amp; Talati

Chartered Accountants  
FRNo: 110758W

## Umesh Talati

Partner  
M.No. 34834

Place : Ahmedabad

Date : 27/05/2017

## For and on behalf of the Board of Directors

Rajendra V. Shah

Chairman

B M Singhal

Whole Time Director Cum CFO

Anil Pandya

Whole Time Director

Nirajkumar Jain

Company Secretary

**Cash Flow Statement for the year ended 31st March 2017**

(Pursuant to the listing Agreement with Stock Exchange)

**(Amount ₹ in Lacs)**

Particulars	2016-17		2015-16	
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>NET PROFIT/(LOSS) BEFORE TAX</b>		689.25		(2,876.84)
<b>Add/(Less):</b>				
Depreciation and amortization expense	764.23		846.86	
Loss on Sale of Assets	0.00		2.12	
Sundry Debit Balance written off	(97.86)		2.47	
Unrealised Foreign Exchange Loss	30.37		3.30	
Financial Cost	73.06		1,240.00	
Bad Debts		0.04		16.14
Provision for Doubtful Debts and Advances	10.04		56.86	
Interest Income	(1.05)	778.83	(18.27)	2,149.48
		1,468.08		(727.36)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>				
Adjustments for:				
Trade and Other Receivables	(1,628.69)		(2,292.47)	
Inventories	(3,100.19)		246.07	
Trade Payables and other liabilities	2,446.19	(2,282.69)	(208.89)	(2,255.29)
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(814.61)</b>		<b>(2,982.65)</b>
Less: Income Tax		0.00		0.00
<b>CASH FLOW BEFORE EXTRA ORDINARY ITEMS</b>		<b>(814.61)</b>		<b>(2,982.65)</b>
<b>Add / (Less):</b>				
Impairment of Capital Work In Progress		0.00		3,170.24
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>(814.61)</b>		<b>187.59</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Sale Proceeds of Assets			5.00	
Interest Income	1.05		18.27	
Purchase of Fixed Assets	(63.86)		(152.16)	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>(62.81)</b>		<b>(128.89)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Short Term Borrowing	865.91		(558.58)	
Financial Expense	(73.06)		(1,240.00)	
Proceeds of Loans and Advances	97.01		1,720.49	
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>889.86</b>		<b>(78.09)</b>
<b>NET INCREASE / DECREASE IN CASH &amp; CASH EQUIVALENTS(A+B+C)</b>		<b>12.44</b>		<b>(19.39)</b>
Cash & Cash Equivalent in the Beginning of the year		111.23		130.62
Cash & Cash Equivalent in the Closing of the year		123.67		111.23
<b>Note:</b>				
<b>Cash and Cash equivalents</b>				
Balances with Banks (in Current Accounts)		121.62		77.16
Cash on Hand		2.05		6.97
Margin Money with Banks		0.00		27.10
<b>Total</b>		<b>123.67</b>		<b>111.23</b>

**As per our Report of even date**
**For and on behalf of the Board of Directors**
**For Talati & Talati**

Chartered Accountants  
FRNo: 110758W

**Umesh Talati**

Partner  
M.No. 34834

Place : Ahmedabad

Date : 27/05/2017

**Rajendra V. Shah**

Chairman

**B M Singhal**

Whole Time Director Cum CFO

**Anil Pandya**

Whole Time Director

**Nirajkumar Jain**

Company Secretary

**Notes to financial statement for the year ended 31 March 2017****1. 1.1 CORPORATE INFORMATION**

The company is engaged in manufacturing Sponge Iron, Ferro Alloys and power and the same are sold in the domestic market. Because of the Captive power generation, company has advantage of low power cost per unit of manufacturing. Company is generating 40 MW Power from waste Heat recovery Boiler & Fluidized Bed Combustion boiler with economic price. Power generated is used for captive consumption and surplus power is sold resulting profit.

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant Rules issued there under. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company's activities in its business segments have operating cycles which do not exceed 12 months. As a result, current assets comprise elements that are expected to be realized within 12 months after the reporting date and current liabilities comprise elements that are due for settlement within 12 months after the reporting date.

**2. SIGNIFICANT ACCOUNTING POLICIES****2.1 Use of Estimates**

The preparation of the Financial Statements in conformity with the Generally Accepted Accounting principles requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**2.2 Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Company recognizes Sales at the point of transfer of significant risks and rewards of ownership to the customers. Sales are inclusive of Excise Duty and Sales Tax and net of rebate/returns and trade discount. Sales tax / Value added tax paid is charged to Profit and Loss Accounts. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account, the amount outstanding and the rate applicable.

**2.3 Excise Duty**

Excise Duty recovered are included in sales. Excise Duty in respect of increase / decrease in Finished Goods are shown separately under the head "Other expenses" and included in Valuation of Finished goods.

**2.4 Fixed Assets :****Tangible Assets:**

- (a) Fixed assets are stated at cost (net of Cenvat credit), less accumulated depreciation and impairment loss, if any. [Other than "freehold land" where no depreciation is charged]. Costs include all expenses incurred to bring the assets to its present location and condition.
- (b) Capital Work in progress is stated at cost net of impairment loss.
- (c) Cost of Trial run Production incurred during the initial period of production is capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects is capitalized amongst the various heads of fixed assets on the commencement of the projects.
- (e) Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings, the corresponding borrowing costs are capitalized up to the date when the asset is ready for its intended use.

**Intangible Assets:**

- a) Intangible assets are stated at cost and acquisition less accumulated amortization and impairment loss, if any.

## 2.5 Valuation of Inventories

Inventories are valued at lower of cost or net realizable value after considering the credit of VAT and CENVAT.

In case of Raw Materials, Trading goods, Stock at third party and Stores and Spares are determined in accordance with FIFO basis. Cost includes cost of purchase price, non refundable taxes and delivery handling cost.

Cost of Finished Goods and Work in Progress is determined using the absorption costing principle. Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates.

Net realizable value is estimated at the expected selling price less estimated completion and selling costs.

## 2.6 Cash flow statement

The Cash Flow Statement is prepared by the "Indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company. Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and deposits with banks.

## 2.7 Investments

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

## 2.8 Employee Benefits

### (a) Short term

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

### (b) long term

The Company has both defined contribution and defined benefit plans.

### (c) Defined contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee performs the services that the payment covers.

### (d) Defined benefit plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

### (e) Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

## 2.9 Taxation

Income tax expenses comprise current tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

## 2.10 Depreciation

### On Tangible Assets:

Depreciation on fixed assets is provided using the straight line method based on rates specified in Schedule II of the Companies Act 2013.

**On Intangible Assets:**

Amortization is provided on a straight line basis over the asset's anticipated useful life. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed 10 years. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and amortization period is revised to reflect the change in pattern if any.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Statement of Profit and Loss.

**2.11 Foreign currency transactions**

Transactions in the foreign currency, which are covered by forward contracts, are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the Statement of Profit and Loss over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are recorded at rate of exchange in force at the time of occurrence of transactions. Gain or Loss due to fluctuation in exchange rates is dealt with through Statement of Profit and Loss. Monetary Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate. The difference in transactions of monetary liabilities and related gains or losses on foreign exchange transactions is recognized in the Statement of Profit and Loss.

**2.12 Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**2.13 Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares outstanding for basic EPS purpose. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by the weighted average number of Equity shares outstanding for diluted EPS purpose.

**2.14 Impairment of Assets**

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**2.15 Provisions, Contingent Liability and Contingent Asset**

- (a) Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- (b) Contingent liabilities are not recognized but are disclosed in the notes.
- (c) Contingent Assets are neither recognized nor disclosed in the financial statements.

**2.16 Cash and Cash Equivalents**

The Company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. This comprises cash and deposit with banks and financial institutions.



## Notes forming part of the Financial Statements

(Amount ₹ in Lacs)

Note 3 : SHARE CAPITAL	As At March 31, 2017	As At March 31, 2016
The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of Rs₹ 10/- each as follows:		
<b>Authorised</b>		
14,00,00,000 Equity Shares of Rs₹ 10/- each (Previous year : 14,00,00,000 Equity Shares of Rs₹ 10/- each)	14,000.00	14,000.00
<b>Issued, Subscribed &amp; Fully Paid-Up</b>		
8,49,66,700 Equity Shares of Rs₹ 10/- each fully paid up (Previous year : 8,49,66,700 Equity Shares of Rs₹ 10/- each fully paid up)	8,496.67	8,496.67
<b>Total</b>	<b>8,496.67</b>	<b>8,496.67</b>

## a) Reconciliation of Number of Shares:

Equity Shares:	As At 31st March, 2017		As At 31st March, 2016	
	Number of shares	Amount (₹ in Lacs)	Number of shares	Amount (₹ in Lacs)
Shares outstanding at the beginning of the year	8,49,66,700	8,496.67	8,49,66,700	8,496.67
Changes during the Year	-	0.00	-	0.00
<b>Shares outstanding at the end of the year</b>	<b>8,49,66,700</b>	<b>8,496.67</b>	<b>8,49,66,700</b>	<b>8,496.67</b>

## b) Terms/rights, preferences and restrictions attached to securities:

## Equity Shares

The company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual general meeting, except in case of interim dividend. In the case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

## c) Details of Shares held by Shareholders holding more than 5% in the Company

Name of the Shareholder	As At 31st March, 2017		As At 31st March, 2016	
	No of shares held	Percentage of Shares held	No of shares held	Percentage of Shares held
Shah Alloys Limited	3,02,56,989	35.61	3,02,56,989	35.61
SAL Care Pvt Limited	1,27,02,900	14.95	1,27,02,900	14.95
<b>Total</b>	<b>4,29,59,889</b>	<b>50.56</b>	<b>4,29,59,889</b>	<b>50.56</b>

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

Note 4 : RESERVES & SURPLUS	As At March 31, 2017	As At March 31, 2016
<b>(a) Security Premium Reserve:</b> Balance as per last financials	2,878.20	2,878.20
<b>(b) General Reserve:</b> Balance as per last financials	5.11	5.11
<b>(c) Capital Reserve:</b> Forfeited Share warrant (amount originally paid up)	800.00	800.00
<b>(d) Statement of Profit &amp; Loss :</b> Balance (Loss) as per last financials	(15,689.68)	(12,812.84)
Add: Profit / (Loss) for the Year	689.25	(2,876.84)
Closing Balance	(15,000.43)	(15,689.68)
<b>Total</b>	<b>(11,317.12)</b>	<b>(12,006.37)</b>

**Forfeited Share warrant (amount originally paid up):**  
3,20,00,000 convertible warrants of ₹ 10/- each forfeited on 2nd August, 2013 on account of non payment of remaining amount due as per terms of the issue. Amount forfeited is ₹ 800 lacs only.

Amount (₹ in Lacs)

Note 5 : LONG TERM BORROWINGS	As At March 31, 2017	As At March 31, 2016
<b>(A) Secured :</b> <b>Term Loans</b>		
(i) From banks / Financial Institution	0.00	311.76
<b>(B) Unsecured:</b> <b>(i) Deferred payment liabilities:</b>		
Deferred sales tax liability	90.52	113.16
<b>Total</b>	<b>90.52</b>	<b>424.92</b>

**Secured Borrowings:****(a) Nature of security and terms of repayment for secured borrowings:****Term loan:**

- Term Loans are Secured by first charge on all the Immovable and second charge on Movable assets present & future ranking parri passu with charges created/to be created in favour of other institution/banks subject to prior charge on current assets in favour of the company's bankers for working capital borrowings. Term loan of ₹ 5000 lacs is secured by pledge of 1,07,56,989 shares of SAL Steel Limited hold by Shah Alloys Limited (restricted to new captive power project only).
- Term loans are further secured by personal guarantees of (i) Shri Rajendrabhai V. Shah (ii) Smt. R.R. Shah (iii) Shri Jayesh V. Shah (iv) and Corporate Guarantee of M/s Shah Alloys Limited.(Amounting to ₹ 20750 lacs) Term Loan is carrying rate of Interest(at present) from 14% to 16% p.a. repayable over a period of 6 years.
- As on 31.03.2017, term Loan Borrowings from banks have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (ARC) together with all their rights, title and interest in the financial documents and any underline security interest / pledged and / or guarantees in respect of such loans. However the company has not yet entered any agreement with ARC and hence no charge is transferred to ARC.

**(b) Period and amount of default as on the balance sheet date:**

The company has made a default in repayment of Principal amount of Term Loan and Interest of ₹ 8900 lacs and ₹ 4649.43 lacs respectively as at the balance sheet date. The bankwise position of default is as under: **(Amount ₹ in lacs)**

Name of Bank / Financial Institution	Default of Term Loan as at 31-03-2017	Period of Default ( No of Days)	Default of Interest on Term Loan as at 31-03-2017	Period of Default ( No of Days)
Union Bank of India	4,585.11	1 to 1170	2,010.53	1 to 745
State Bank of India	4,105.88	1 to 1170	2,400.17	1 to 944
State Bank of Saurashtra	767.57	1 to 1170	0.00	
State Bank of Hyderabad	507.11	1 to 1170	238.73	1 to 836
<b>Total</b>	<b>9,965.67</b>		<b>4,649.43</b>	

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

## Unsecured Borrowings:

## (a) Deferred sales tax liability :

Deferred sales tax liability is interest free and payable in six equal annual installments of ₹ 22.63 lacs each payable from 1st May, 2016

## (b) Period and Amount of default as on Balance Sheet Date

The company has also defaulted in payment of first installment of deferred sales tax liability which was due in May 2016 for ₹ 22.63 Lacs.

The said default continues as at the balance sheet date for 304 days

Note 6: Other Long term Liabilities	As At March 31, 2017	As At March 31, 2016
<b>Others:</b>		
Trade Deposit	44.05	44.05
<b>Total</b>	<b>44.05</b>	<b>44.05</b>

Note 7: Long term provisions	As At March 31, 2017	As At March 31, 2016
<b>Provision for employee benefits:</b>		
Provision for gratuity	61.44	54.40
Provision for leave encashment	23.04	23.03
<b>Total</b>	<b>84.48</b>	<b>77.43</b>

Note 8 : Short term borrowings	As At March 31, 2017	As At March 31, 2016
<b>(A) Secured:</b>		
<b>Loans repayable on demand</b>		
<b>Working capital facilities</b>		
(i) From banks/ financial Institution	6,929.73	6,929.73
<b>(B) Unsecured:</b>		
<b>Loans and advances from related parties:</b>		
- Inter corporate deposit	1,038.85	135.85
<b>Deposits:</b>		
- Inter corporate deposit	13.90	50.99
<b>Total</b>	<b>7,982.48</b>	<b>7,116.57</b>

## Nature of security provided for short term borrowings:

## Cash Credit facilities:

Cash Credit facilities are Secured by hypothecation of entire current assets of the company on parri passu basis with the consortium member banks & second charge on fixed assets of the company on parri passu basis with consortium member banks.

The Loans are further secured by personal guarantee of i) Shri Rajendrabhai V. Shah ii) Smt. R.R. Shah iii) Shri Jayesh .V. Shah and iv) Corporate guarantee of M/s Shah Alloys Limited(Amounting to ₹ 20750 lacs

As at 31.03.2017, working capital facilities from banks have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (ARC) together with all their rights, title and interest in the financial documents and any underline security interest / pledged and / or guarantees in respect of such loans. However, the company has not yet entered any agreement with ARC and hence no charge is transferred to ARC.

## Period and Amount of default as on the Balance sheet date:

The company has defaulted in repayment of working capital facilities and interest there on for ₹ 6929.73 lacs and ₹ 2572.83 lacs respectively as at the balance sheet date. The Bankwise details of defaults is as under: **(Amount ₹ in lacs)**

Name of Bank / Financial Institution	Default of Term Loan as at 31-03-2017	Period of Default ( No of Days)	Default of Interest on Term Loan as at 31-03-2017	Period of Default ( No of Days)
Union Bank of India	3,193.92	1 to 745	1,031.14	1 to 745
State Bank of India	3,735.81	1 to 944	1,541.69	1 to 944
<b>Total</b>	<b>6,929.73</b>		<b>2,572.83</b>	

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

**Loans and Advances from Related Parties:**

The company has taken loan during the year from a related party as mentioned herewith: SAL Care Private Limited and SAL Hospital & Medical Institute (a division of SAL Care Private Limited) and SAL Corporation Pvt Limited total amount of ₹ 931.01 lacs and repaid of ₹ 28.01 lacs during the year. This party is covered under the register maintained under section 189(1) of the Companies Act, 2013.

<b>Note 9 : Trade Payables</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
Due to Micro, Small and Medium Enterprises *		
Other than Micro, Small and Medium Enterprises	3,147.57	2,307.33
<b>Total</b>	<b>3,147.57</b>	<b>2,307.33</b>

\* 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.

<b>Note 10: Other current liabilities</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
(a) Current Maturities of Long term Debt	334.72	1,088.81
(b) Interest accrued and due on borrowings	7,222.27	7,222.27
(c) Income received in advance	187.50	133.75
(d) Other payables:		
- Term Loans from Banks / Financial Institution	9,965.67	8,900.00
- Statutory dues & unpaid expense	2,572.40	1,086.48
- Creditors for capital goods	52.27	52.27
- Deferred sales tax Liability	22.63	0.00
<b>Total</b>	<b>20,357.46</b>	<b>18,483.58</b>

<b>Note 11 : Short term provisions</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
<b>Provision for Employee Benefits:</b>		
Provision for bonus	58.11	65.76
Provision for gratuity	10.27	10.71
Provision for leave encashment	5.16	5.16
<b>Total</b>	<b>73.54</b>	<b>81.63</b>

**Note 12 : FIXED ASSETS****Tangible Assets :**

(Amount ₹ in Lacs)

Particulars	Freehold Land	Building	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Computer	TOTAL
<b>Cost of Assets</b>								
As at 1st April 2015	520.95	4,431.32	24,762.18	61.96	1,036.29	41.00	99.68	30,953.38
Addition	148.35	0.00	0.00	0.00	0.00	2.75	1.07	152.17
Disposal/Adjustments	0.00	0.00	0.00	0.00	15.49	0.00	0.00	15.49
As at 31st March 2016	669.30	4,431.32	24,762.18	61.96	1,020.80	43.75	100.75	31,090.06
Addition	61.26	0.00	1.54	0.00	0.00	0.25	0.81	63.86
Disposal/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2017	730.56	4,431.32	24,763.72	61.96	1,020.80	44.00	101.56	31,153.92
<b>Depreciation</b>								
As at 1st April 2015	0.00	1,325.67	14,073.28	45.16	702.90	34.84	95.11	16,276.96
Charge for the year	0.00	137.12	588.35	12.62	105.97	2.37	0.42	846.85
Disposal/Adjustments	0.00	0.00	0.00	0.00	8.36	0.00	0.00	8.36
As at 31st March 2016	0.00	1,462.79	14,661.63	57.78	800.51	37.21	95.53	17,115.45
Charge for the year	0.00	137.14	558.42	1.08	65.08	2.11	0.40	764.23
Disposal/Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at 31st March 2017	0.00	1,599.93	15,220.05	58.86	865.59	39.32	95.93	17,879.68
<b>Net Block</b>								
As at 31st March 2016	669.30	2,968.53	10,100.55	4.18	220.29	6.54	5.22	13,974.61
As at 31st March 2017	730.56	2,831.39	9,543.67	3.10	155.21	4.68	5.63	13,274.24

Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

**INTANGIBLE ASSETS :**

PARTICULARS	SOFTWARE	TOTAL
<b>Cost of Assets</b>		
As at 1st April 2015	115.30	115.30
Addition	0.00	0.00
Disposal/Adjustments	0.00	0.00
Other adjustment	0.00	0.00
<b>As at 31st March 2016</b>	<b>115.30</b>	<b>115.30</b>
Addition	0.00	0.00
Disposal/Adjustments	0.00	0.00
Other adjustment	0.00	0.00
<b>As at 31st March 2017</b>	<b>115.30</b>	<b>115.30</b>
<b>Depreciation</b>		
As at 1st April 2015	109.53	109.53
Charge for the year	0.00	0.00
Disposal/Adjustments	0.00	0.00
<b>As at 31st March 2016</b>	<b>109.53</b>	<b>109.53</b>
Charge for the year	0.00	0.00
Disposal/Adjustments	0.00	0.00
<b>As at 31st March 2017</b>	<b>109.53</b>	<b>109.53</b>
<b>Net Block</b>		
As at 31st March 2016	5.77	5.77
As at 31st March 2017	5.77	5.77

CAPITAL WORK IN PROGRESS	31.03.2017	31.03.2016
Building and Plant & Machinery (Refer note : 30)	2,470.25	2,470.25
<b>Total</b>	<b>2,470.25</b>	<b>2,470.25</b>

- (i) Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.
- (ii) Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.
- (iii) Advances to Project suppliers are shown under Long term loans & advances included in Capital advances.

Note 13: Long Term Loans and Advances(Unsecured, considered good unless otherwise stated)	As At March 31, 2017	As At March 31, 2016
Capital Advances (refer note no: 30)	912.32	941.22
Less: Provision made for doubtful advances	237.84	169.32
	674.48	771.90
Security Deposits	167.37	166.97
<b>Total</b>	<b>841.85</b>	<b>938.87</b>

Note 14: Inventories (At lower of cost or net realisable value)	As At March 31, 2017	As At March 31, 2016
<b>(As taken, valued and certified by the management)</b>		
Raw Materials		
i) In stock	948.87	834.50
ii) In Transit / with third party	2,951.14	112.50
Work in Progress	89.41	19.62
Finished Goods	1,095.65	891.26
Stores and Spares	927.96	1,055.26
<b>Others:</b>		
By Products	7.30	7.00
<b>Total</b>	<b>6,020.33</b>	<b>2,920.14</b>

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

<b>Note 15: Trade receivables (Unsecured, considered good unless otherwise stated)</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
<b>Unsecured Considered good</b>		
Trade Receivable outstanding for more than six months from the date they became due for payments	351.50	278.81
Others	5,029.03	3,759.61
<b>Doubtful</b>	10.04	10.04
<b>Total</b>	<b>5,390.57</b>	<b>4,048.46</b>
Less: Provision made for doubtful debts	10.04	10.04
<b>Total</b>	<b>5,380.53</b>	<b>4,038.42</b>
Trade Receivables includes ₹ 4900.28 lacs in CY and ₹ 3234.37 in PY from Associated concerns (i.e. Shah Alloys Ltd) in which director of a Company is interested.		

<b>Note 16: Cash and Cash equivalents</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
i) Balances with banks (in Current Accounts)	121.62	77.16
ii) Cash on Hand	2.05	6.97
iii) Margin Money*	0.00	27.10
<b>Total</b>	<b>123.67</b>	<b>111.23</b>
* Margin Money deposits are given as margin against Bank Guarantee opened with bank.		

<b>Note 17: Short term loans and advances (Unsecured, considered good unless otherwise stated)</b>	<b>As At March 31, 2017</b>	<b>As At March 31, 2016</b>
<b>Others:</b>		
Loans and Advances to Related Parties		
Advances recoverable in cash or in kind	833.18	545.75
Less: Provision made for doubtful advances	148.98	119.10
	684.20	426.65
Advance Income Tax (Net of Provision)	23.13	34.78
Balance with Government Authority	123.35	97.58
Loans and Advances to Employees	12.33	7.51
<b>Total</b>	<b>843.01</b>	<b>566.52</b>

<b>Note : 18 Contingent liabilities and commitments (to the extent not provided for):</b>	<b>As at March 31,2017</b>	<b>As at March 31,2016</b>
<b>(A) Contingent liabilities:</b>		
<b>(i) Claims against the company not acknowledged as debts:</b>		
With Government Authorities	2,557.90	2,557.90
Banks / Financial institutions	7,273.37	7,219.67
Others	5,317.40	4,664.51
<b>(ii) Guarantees:</b>		
Corporate guarantees given to banks for Shah Alloys Limited	0.00	0.00
Bank guarantee given	21.27	21.27
<b>(B) Commitment:</b>		
Estimated amount of contracts, remaining to be executed on capital account and not provided for Rs.492.78 lac net of advance (Previous Year: ₹ 522.78 lac ).		
Commercial Tax Department has challenged by way of Tax Appeal before Supreme Court, the order of Gujarat High Court wherein Judgment of Joint Commissioner of Commercial Tax (Legal) was quashed and decided that non cooking coal used in the manufacturing process for Sponge Iron as raw material and eligible for ITC under Section 11 (3)(b). The result of the appeal will decide whether company has to claim amount of ITC or refund ITC already taken. However, amount of contingent liability cannot be ascertained.		

**Notes forming part of the financial statements [Contd...]**

(Amount ₹ in Lacs)

<b>Note 19: Revenue from operations</b>	<b>For the Year ended on 31st March 2017</b>	<b>For the Year ended on 31st March 2017</b>
Sale of Products	39,682.92	37,512.82
Other operating revenues	20.01	
	39,702.93	37,512.82
Less: Excise duty	3,641.77	3,751.53
<b>Total</b>	<b>36,061.16</b>	<b>33,761.29</b>

<b>Note 19.1: Particulars of Sale of Products</b>	<b>For the Year ended on 31st March 2017</b>	<b>For the Year ended on 31st March 2017</b>
Sponge Iron	25,215.81	25,975.35
Ferro Alloys	10,402.27	8,602.17
Others	78.43	66.59
Power	3,986.41	2,868.71
<b>Total</b>	<b>39,682.92</b>	<b>37,512.82</b>

<b>Note 20: Other income</b>	<b>For the Year ended on 31st March 2017</b>	<b>For the Year ended on 31st March 2017</b>
<b>Interest income:</b>		
Interest from FDR with Banks	2.47	3.08
Other Interest	1.69	15.19
<b>Non operating income:</b>		
Rent Income	9.60	9.60
Miscellaneous receipts	1.20	1.20
Foreign exchange fluctuation Gain (Net)	124.15	29.00
Sundry balances written back(Net)	97.86	0.00
<b>Total</b>	<b>236.97</b>	<b>58.07</b>

<b>Note 21: Cost of material consumed</b>	<b>For the Year ended on 31st March 2017</b>	<b>For the Year ended on 31st March 2017</b>
<b>Raw material consumed</b>		
Opening stock	945.35	991.21
Purchases and Direct Expense	26,961.93	22,541.13
Less :Closing stock	3,877.30	945.35
<b>Total</b>	<b>24,029.98</b>	<b>22,586.99</b>

<b>Note 22: Changes in inventories of finished goods, work-in-progress and Stock-in-Trade.</b>	<b>For the Year ended on 31st March 2017</b>	<b>For the Year ended on 31st March 2017</b>
<b>A) Opening stock</b>		
Finished goods	891.26	632.51
Work in progress	19.62	50.59
By-products	7.00	16.02
<b>Sub-Total (A)</b>	<b>917.88</b>	<b>699.12</b>
<b>B) Less: Closing stock</b>		
Finished goods	1,095.65	891.27
Work in progress	89.41	19.62
By-products	7.30	7.00
<b>Sub-Total (B)</b>	<b>1,192.36</b>	<b>917.89</b>
<b>Total(A-B)</b>	<b>(274.48)</b>	<b>(218.77)</b>

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

Note 23: Employee benefits expense	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Salaries,wages & bonus	1,175.06	1,012.50
Contribution to provident & other funds	55.25	58.46
Staff welfare expenses	41.01	30.90
<b>Total</b>	<b>1,271.32</b>	<b>1,101.86</b>

As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined contribution plan:**

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	40.86	41.51

**Defined Benefit Plan:**

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity

**I. Reconciliation of opening and closing balance of Defined Benefit Obligation:**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Opening defined benefit obligation at the beginning of the year	65.11	55.59	28.20	21.50
Current Service cost	16.74	15.95	9.61	9.37
Interest cost	4.75	4.01	2.04	1.57
Actuarial (Gain) / Loss	(7.11)	(9.71)	(15.90)	(4.24)
Benefits paid	(7.78)	(0.73)	0.00	0.00
Closing defined benefit obligation at the end of the year	71.71	65.11	23.95	28.20

**II. Reconciliation of opening and closing balance of fair value of plan assets:**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Opening fair value of plan assets				
Expected return on plan assets				
Actuarial Gain / (Loss)	Not applicable as Gratuity Liability is not funded		Not applicable as Gratuity Liability is not funded	
Employer contribution				
Benefits paid				
Closing fair value of plan assets				

**III. Reconciliation of fair value of assets and obligation:**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Fair value of plan assets	0.00	0.00	0.00	0.00
Present value of obligation	71.71	65.11	23.95	28.20
Amount recognised in balance sheet	71.71	65.11	23.95	28.20



Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

**IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '23')**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Service cost	16.74	15.95	9.61	9.37
Interest cost	4.75	4.01	2.04	1.57
Expected return on plan assets				
Actuarial Gain /( Loss)	(7.11)	(9.71)	(15.90)	(4.24)
Net cost included in 'Employee Benefit Expense'	14.38	10.25	(4.25)	6.71

**V. Investment details:**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
GOI Securities				
Public Securities				
Special Deposit Schemes				
State Govt. Securities				
Private Sector Securities				
Insurance Policies				
Others				
	Not applicable as Gratuity Liability is not funded		Not applicable as Gratuity Liability is not funded	

**VI. Actuarial assumptions:**

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2016-17	2015-16	2016-17	2015-16
Mortality Table	LIC 2006-08	LIC 2006-08	LIC 2006-08	LIC 2006-08
Discount rate (per annum)	7.15%	7.95%	7.15%	7.95%
Expected rate of return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

**VII Amount for the current and previous four periods are as follows:-**

Particulars	31-03-2017	31-03-2016	31-03-2015	31-03-2014	31-03-2013
<b>Gratuity (Unfunded)</b>					
Defined Benefit obligation	71.71	65.11	55.59	46.38	52.61
Plan assets	0.00	0.00	0.00	0.00	0.00
Surplus / (Deficit)	(71.71)	(65.11)	(55.59)	(46.38)	(52.61)
Experience adjustments on plan liability	(11.06)	(10.77)	(6.97)	(14.83)	(4.84)
Experience adjustments on plan assets	0.00	0.00	0.00	0.00	0.00
<b>Leave encashment (Unfunded)</b>					
Defined benefit obligation	23.95	28.20	21.50	13.07	17.58
Experience adjustment on plan liability	(17.04)	(4.48)	(1.51)	(9.20)	(1.05)

**VIII Expected Employer's Contribution for the financial year**

On the basis of previous year's trend company is expecting to contribute the same amount as in 2015-16 ( ₹ 41.50 lacs) to the defined contribution plan.

However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

Note 24: Finance costs	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
(A) Interest expense:		
Term loans	0.00	708.15
Working capital	0.00	446.90
Others	73.06	84.95
<b>Total</b>	<b>73.06</b>	<b>1,240.00</b>

Note 25: Other expenses	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
Consumption of stores & spares	1,192.02	1,502.23
Power & fuel (Including cost of power generation)	4,849.63	3,824.72
Labour charges	546.41	497.77
Rent expenses	44.17	54.25
Rates & taxes (incl. wealth tax of ₹ Nil) [PY wealth tax ₹ 1,00,000/-]	43.64	6.18
Legal, consultancy & professional charges	185.82	89.18
Commission and Brokerage expense	19.85	47.41
Bad debts	0.04	16.14
Payment to Auditors #	7.70	8.19
Freight outward	643.10	408.87
Vat Expense \$	1,551.20	1,032.98
Service tax	13.10	14.27
Repairs		
- to Factory building	1.64	1.06
- to Plant & machinery	39.94	41.64
- to Others	81.96	44.04
Insurance	6.74	5.44
Excise duty adjustment for stock*	22.73	26.43
Miscellaneous expenses	495.08	348.22
<b>Total</b>	<b>9,744.77</b>	<b>7,969.02</b>

\$ The Company had received remission certificate from the Gujarat Value Added Tax, 2003 and accordingly the VAT/ CST collected by the Company becomes Income of the Company and accordingly credited to Statement of Profit And Loss. The validity of the said certificate expires on 11th October 2015 and hence there after VAT/CST collected by the Company becomes payable and charged to the statement of Profit and Loss accounts.

\* Excise duty adjustment for stock represents the difference between excise duty on opening and closing stock of finished goods.

# Payments to Auditors	For the Year ended on 31st March 2017	For the Year ended on 31st March 2017
As Auditors	5.50	5.50
For other services	2.20	2.69
<b>Total</b>	<b>7.70</b>	<b>8.19</b>

**26 SEGMENT REPORTING:**

The Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in Iron & Steel Industry. Further power generated in the company in its power plant is used for captive as well as trading purpose. In view of this, the company has to consider "Iron & Steel" and "Power" as Primary Reportable business segment, as per Accounting Standard -17, Segment Reporting. However, due to substantial competition, risk, on-going position of Company and largely in the interest of the Company as well as interest of the stake holders involved, therefore, management has not made disclosure of Primary Reportable segment as per Accounting Standard -17 "Segment Reporting". Further, the Company has its business within the geographical territory of India Therefore; Company has considered "INDIAN GEOGRAPHY" as the only secondary reportable business segment, as per the Accounting Standard 17 "Segment Reporting"

- 27 The Company had filed a reference with BIFR u/s 15(1) of the Sick Industrial Companies (Special Provision) Act, 1985. The Honorable BIFR vide its letter reference no 3(S-10)/BC/2015 dated 24<sup>th</sup> August 2015 had registered the reference filed by the company vide case no 109/2015.
- 28 As at the year end the Company has accumulated losses and its net worth has been fully eroded. The Financial results indicates that the Company has a net loss during the current and previous year and the Company's current liabilities exceeded its current assets as at the current and previous year balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a "going concern". However, the financial results of the Company have been prepared on a going concern basis based on that the Company is actively negotiating for settlement. As a result, not only the Company's net worth will improve but also improve productivity on account of morale booster of the employees. Further, post settlement, the Company will reduce interest burden drastically and will be optimistic about reducing of accumulated losses gradually.
- 29 Secured Borrowings from the below mentioned banks have been transferred / assigned to Invent Assets Securitization and Reconstruction Pvt Ltd (Financial Institution) together with all their rights, title and interest in the financial documents and any underlined security interest / pledged and / or guarantees in respect of such loans.

Name of Bank	Date of Loan Transferred / Assigned
State Bank of Hyderabad	01/07/2015
Union Bank of India	03/07/2015
State Bank of India	30/10/2015

The Company has stopped making provision for interest on such borrowing from the date of transfer due to pending settlement with Invent Assets Securitization and Reconstruction Pvt Ltd and hence due to pending settlement, the company has taken last sanction letter as a base for classification of current / non-current liability and default of the said borrowings.

- 30 During the previous year, the company had obtained technical valuation of their Capital Work In Progress from the approved valuer and booked impairment loss of ₹31,70,24,474/- to the statement of Profit and Loss and shown as an extraordinary items. Apart from this, the Company has paid the capital advances for the amount of ₹9,12,32,064/- which are currently shown under Long term loans and advances to the suppliers for the supply of customized equipments based of our specific design and requirements. The machines are manufactured and ready for dispatch but company does not have further fund to pay balance amount and to lift the machines. However, the management is trying to recover such advances from the suppliers fully subject to provision of ₹2,37,83,523/- made in the books of accounts.
- 31 The Company has not recognized deferred tax assets as per AS 22 issued by ICAI due to the management anticipating no sufficient future taxable Income to recover such Deferred Tax Asset in near future.

### 32 RELATED PARTY DISCLOSURES:

(a) List of Related Parties and Relationships:

- i. Concern where significant interest exists.

<u>Name of the Concern</u>	<u>Nature of Relationship</u>
Shah Alloys Limited	Promoter Group Company
SAL Care Private Limited	Promoter Group Company
SAL Corporation Pvt Ltd	Promoter Group Company

- ii. Key Management Personnel:

<u>Name of the Key Management Personnel</u>	<u>Nature of Relationship</u>
Shri Rajendra V Shah	Chairman
Shri Sujal A Shah	Executive Director
Shri B M Singhal	Whole Time Director Cum CFO
Shri Anil Pandya	Whole Time Director
Shri Nirajkumar Jain	Company Secretary (from 09/07/2015)

## Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

## (b) Disclosure of Related Party Transactions

Sr No.	Related Party	Nature of Transaction	2016-17	2015-16
1.	Shah Alloys Limited	Purchases	194.71	105.13
		Sales (Incl Power)	17043.96	8619.40
		Rent Income	9.60	9.60
		Balance as at the year end	4900.28	3,234.36
2.	SAL Corporation Pvt Ltd	Loan repaid	0.00	26.15
		Interest	8.97	11.08
		Balance as at the year end	108.94	99.97
3.	SAL Care Pvt Ltd	Loan taken	0.00	967.87
		Loan repaid	35.88	1420.08
		Interest	00.00	39.87
		Balance as at the year end	0.00	35.88
	Key Management Personnel			
4.	Mr. Sujal Shah	Salary	4.32	4.32
5.	Mr. B.M Singhal	Salary	4.92	4.92
6.	Mr. Anil Pandya	Salary	4.80	4.80
7.	Mr. Nirajkumar Jain	Salary	3.60	1.92

33. Certain Balance of Debtors, Creditors, Loans & Advances for Capital expenditures are non- moving / sticky since last 3 years. However in view of the management, the same is recoverable / payable. Hence no provision for the same is made in the books of accounts.

## 34. EARNINGS PER SHARE:

PARTICULARS	2016-17	2015-16
Net Profit /(Loss) for the year attributable to Equity shareholders - Before Extraordinary Items - Amount ₹ in lacs	689.25	293.40
Net Profit /(Loss) for the year attributable to Equity shareholders - After Extraordinary Items - Amount ₹ in lacs	689.25	(2,876.84)
Weighted average number of Equity Shares outstanding for Basic EPS	8,49,66,700	8,49,66,700
Weighted average number of Equity Shares outstanding for Diluted EPS	8,49,66,700	8,49,66,700
Basic and Diluted earnings per share - Before Extraordinary Items (Face value of ₹ 10 each)	0.81	0.35
Basic and Diluted earnings per share - After Extraordinary Items (Face value of ₹ 10 each)	0.81	(3.39)

**Note:** In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included.

35 In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.

36 Balances of Secured and Unsecured borrowings, Sundry debtors, Creditors, Loans & advances and banks are subject to confirmation and reconciliation with respective accounts.

## 37. Information regarding stock:

## Capacity:

Class of Products:	Annual Licensed capacity [P.A.]		Annual Installed capacity	
	2016-17	2015-16	2016-17	2015-16
Sponge Iron	N.A.	N.A.	1,80,000 MT P A	1,80,000 MT P A
Ferro Alloys	N.A.	N.A.	61,890 MT P A	61,890 MT P A
Rolling Mill	N.A.	N.A.	25,000 MT P A	25,000 MT P A
Power Plant	N.A.	N.A.	40 MW P Hour	40 MW P Hour

**Note:** Installed capacity is as certified by the Management and being a technical matter, accepted by the Auditors as correct.

Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

**38. PRODUCTION (Net Saleable Production):**

Class of Products	2016-17 Qty. (in M.T.)	2015-16 Qty. (in M.T.)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>		
Sponge Iron	157,065.00	153,646.00
Ferro Chrome	12,264.00	12,339.00
Power – (Qty in MWH)	99,660.25	71,717.75

**39. TURNOVER (Gross) (Net of Return):**

Class of Goods	2016-17		2015-16	
	QTY (in MT)	Value (₹ in lacs)	QTY (in MT)	Value (₹ in lacs)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>				
Sponge Iron	156,939.75	25,215.81	152,286.14	25,975.35
Ferro Chrome	12,408.95	104,02.27	11,885.62	8,537.44
Others		78.43		131.32
<b>TOTAL</b>		<b>35696.51</b>		<b>34,644.11</b>
Power Units MWH	99,660.25	3,986.41	71,717.75	2,868.71
<b>Total</b>		<b>39,682.92</b>		<b>37,512.82</b>

**40. OPENING AND CLOSING STOCKS:**

Class of Goods	Opening Stock				Closing Stock			
	As at 01.04.2015		As at 01.04.2016		As at 31.03.2016		As at 31-03-2017	
	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)
<b>FINISHED GOODS, WASTE PRODUCTS &amp; BY-PRODUCTS:</b>								
Sponge Iron	1,126.347	195.72	2,486.207	337.52	2,486.207	337.52	2,806.917	441.32
Ferro Chrome	340.709	259.03	794.084	412.46	794.084	412.46	708.254	640.13
Others		193.78		148.29		148.29		21.50
<b>TOTAL:</b>		<b>648.53</b>		<b>898.27</b>		<b>898.27</b>		<b>1,102.95</b>

**41. WORK IN PROGRESS:**

Product	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
Sponge Iron	26.76	9,.05
Ferro Alloys	62.65	10.57
<b>TOTAL</b>	<b>89.41</b>	<b>19.62</b>

**42. RAW MATERIAL CONSUMED (Excluding trading goods & Captive Used)**

Class of Goods	2016-17		2015-16	
	QTY [MT]	Value (₹ in lacs)	QTY [MT]	Value (₹ in lacs)
Iron Ore / Fines / Pallates	235,842.480	13,825.92	236,635.421	11,269.57
Steam Coal	125,662.782	5,916.42	130,017.023	6,383.23
Chrome Ore	28,639.798	3,509.29	29,937.960	3,775.77
Others		778.35		1,158.42
<b>TOTAL :-</b>		<b>24029.98</b>		<b>22,586.99</b>

Notes forming part of the financial statements [Contd...]

(Amount ₹ in Lacs)

## 43. Value of imports calculated on C.I.F. basis during the financial year

	2016-17 (₹ in lacs)	2015-16 (₹ in lacs)
Raw Materials	9072.14	4,260.98

## 44. Value of Raw Materials, Stores, and Chemical &amp; Spares consumed during the year:

	(Amount ₹ in lacs)		% of Total Consumption	
	2016-17	2015-16	2016-17	2015-16
<b>Raw Materials:</b>				
i) Imported	9072.14	4,260.98	37.75	18.86
ii) Indigenous	14957.84	18,326.01	62.25	81.14
<b>Total</b>	<b>24029.98</b>	<b>22,586.99</b>	<b>100.00</b>	<b>100.00</b>
<b>Stores, Spares &amp; Chemical:</b>				
i) Imported	0.00	0.00	0.00	0.00
ii) Indigenous	1192.02	1,502.23	100.00	100.00
<b>Total</b>	<b>1192.02</b>	<b>1,502.23</b>	<b>100.00</b>	<b>100.00</b>

## 45. Disclosure on Specified Bank Notes

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification, G.S.R 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per notification are as follows.

(Amount in Rupees)

	SBNs	Other denomination notes	Total
<b>Closing cash in hand as on 08/11/2016</b>	<b>5,00,000</b>	<b>1,53,631</b>	<b>653,631</b>
(+) Permitted receipts	0	8,36,898	8,36,898
(-) Permitted Payments	0	9,15,157	9,15,157
(-) Amount deposited in Banks	5,00,000	0	5,00,000
<b>Closing cash in hand as on 30/12/2016</b>	<b>0</b>	<b>75,372</b>	<b>75,372</b>

46 The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-grouped / rearranged, wherever necessary to make them comparable with those of current year.

## Signatures to Notes - 1 to 46.

## As per our Report of even date

**For Talati & Talati**  
Chartered Accountants  
FRNo: 110758W

**Umesh Talati**  
Partner  
M.No. 34834

Place : Ahmedabad  
Date : 27/05/2017

## For and on behalf of the Board of Directors

**Rajendra V. Shah** Chairman  
**B M Singhal** Whole Time Director Cum CFO  
**Anil Pandya** Whole Time Director  
**Nirajkumar Jain** Company Secretary



## S.A.L. STEEL LIMITED

CIN: L29199GJ2003PLC043148

5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

## ATTENDANCE SLIP

DP ID*	Folio
Client ID*	No. of Shares

## NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **14TH ANNUAL GENERAL MEETING** of the Company held on **Saturday, 30th September, 2017 at 10:00 A.M.** at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380 060.

\_\_\_\_\_  
Signature of the Shareholder | Proxy

\* Applicable for investors holding shares in electronic form.

## S.A.L. STEEL LIMITED

CIN: L29199GJ2003PLC043148

5/1 Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad: 380 006

## Form No. MGT- 11

## PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of Members : \_\_\_\_\_  
Registered Address : \_\_\_\_\_  
E-mail Address : \_\_\_\_\_  
Folio No. | Client ID : \_\_\_\_\_  
DP Id : \_\_\_\_\_

I/we, being the member(s) of \_\_\_\_\_ shares of S.A.L. Steel Ltd, hereby appoint:

- 1) \_\_\_\_\_ of \_\_\_\_\_  
having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_  
having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_  
having e-mail id \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **14th ANNUAL GENERAL MEETING** of the Company, to be held on Saturday, 30th September, 2017 at 10:00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad - 380060 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.NO	Resolutions
1	Adoption of financial statements for the year ended on March 31, 2017.
2	Reappointment of Shri Sujal Shah as Director.
3	Appointment of Statutory Auditors and fix their remuneration.
4	Reappointment of Shri Anil Pandya as Whole Time Director.
5	Reappointment of Shri Sujal Shah as Whole Time Director.
6	Reappointment of Shri BabulalSinghal as Whole Time Director.
7	Approval of Related party transactions for the financial year 2017-18.
8	Fixation of Remuneration of Cost Auditors.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature of first proxy holder

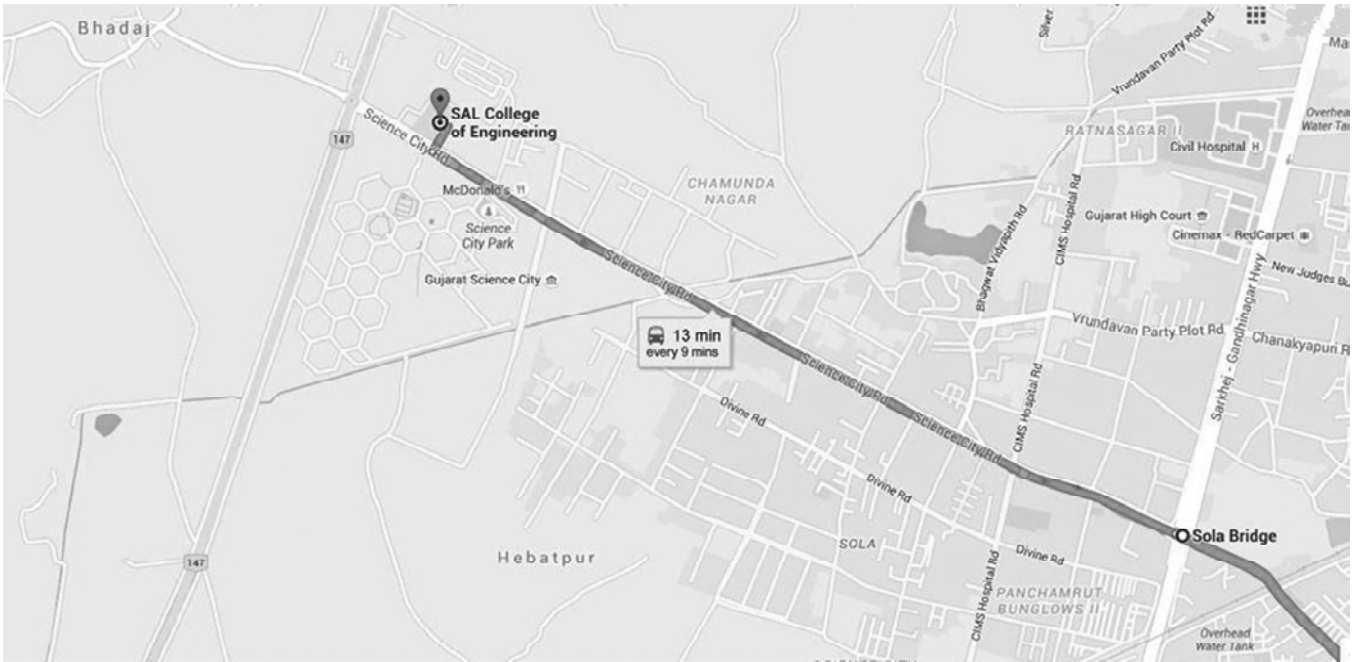
\_\_\_\_\_  
Signature of Second proxy holder

\_\_\_\_\_  
Signature of Third proxy holder

Affix  
Revenue  
Stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.



**Route map to reach venue of the Annual General Meeting**





**SAL**

**S.A.L. STEEL LIMITED**

If undelivered please return to:

**ADMINISTRATIVE OFFICE**

Corporate House, Sola-kalol Road,  
Santej - 382721, Ta.Kalol, Dist. Gandhinagar  
[www.salsteel.co.in](http://www.salsteel.co.in)

CIN:L29199GJ2003PLC043148