

INDEPENDENT AUDITOR'S REPORT

To the Members of SHYAM STEEL MANUFACTURING LIMITED (Formerly known as SOVA ISPAT LIMITED) Report on the Financial Statements

We have audited the accompanying financial statements of **M/s SHYAM STEEL MANUFACTURING LIMITED (Formerly known as SOVA ISPAT LIMITED)** ("the Company"), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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.

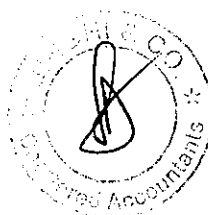
We conducted our audit in accordance with the Standards on Auditing specified under section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2017 and its profit and its cash flows for the year ended on that date.



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 purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. 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. 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.
 - 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'.
 - 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 28 (i) (A) 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 disclosure in Note No. 28(xv) as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 31st December 2016. Based on audit procedures performed and relying on the 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.



For SINGHI & CO.
Chartered Accountants
Firm's Registration No.302049E

(Anurag Singhi)
Partner

Membership No. 066274

Place: Kolkata

Dated, the 24th day of July, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

The annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date in respect to statutory audit of SHYAM STEEL MANUFACTURING LIMITED (Formerly known as SOVA ISPAT LIMITED) for the year ended March 31, 2017, we report that:

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of the fixed assets.
(b) The management has physically verified the fixed assets of the Company in a phased manner to cover the entire block of assets once in a year and no material discrepancies were noticed.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical stock and the book stock, wherever ascertained were not significant and have been properly dealt in the books of accounts.
3. The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the requirements of clauses (iii) (a), (b) & (c) of the paragraph 3 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
5. In our opinion and according to the information and explanations given to us, the Company did not receive any deposits covered under section 73 to 76 of the Act and the rules framed there under with regard to deposits accepted from the public during the year.
6. The Central Government has prescribed maintenance of cost records under section 148(1) of the Act, for the Company. We have broadly reviewed such accounts and records and are of the opinion that prima facie, the prescribed accounts & records have been made & maintained but no detailed examination of such records and accounts have been carried out by us.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed dues as above were outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess as at March 31, 2017 which have not been deposited on account of dispute.
8. According to the information and explanations given to us by the management, the Company has not defaulted in repayment of dues to financial institutions or banks or debenture holders.
9. According to the information and explanation given to us and based on our overall examination of the books of accounts, we report that the term loans were applied for the purpose for which the loans were obtained. Furthermore, the company has neither raised moneys through initial public offer nor through further public offer during the year.



10. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



Place: Kolkata

Dated, the 24th day of July, 2017

For SINGHI & CO.
Firm Registration No. 302049E
Chartered Accountants

(Anurag Singhi)
Partner
Membership No. 066274

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 2 (f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date, in respect to the internal financial control under clause (i) of sub-section 3 of section 143 of the Act, of SHYAM STEEL MANUFACTURING LIMITED (Formerly known as SOVA ISPAT LIMITED) for the year ended March 31, 2017, we report that:

We have audited the internal financial controls over financial reporting of SHYAM STEEL MANUFACTURING LIMITED (Formerly known as SOVA ISPAT LIMITED) ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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



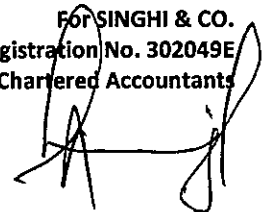
INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, 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, 2017, 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 ICAI.

For SINGHI & CO.
Firm Registration No. 302049E
Chartered Accountants



(Anurag Singhi)
Partner

Membership No. 066274

Place: Kolkata

Dated, the 24th day of July, 2017



Shyam Steel Manufacturing Limited

(Formerly Known as Sova Ispat Limited)

CIN No.: U28999WB1991PLC051823

Balance Sheet as at 31st March 2017

| | | | (Amount in ₹) |
|---|----------|--------------------------------------|--------------------------------------|
| Particulars | Note No. | As at 31 st March 2017 | As at 31 st March 2016 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Fund | | | |
| Share Capital | 2 | 529,357,220 | 529,357,220 |
| Reserve and Surplus | 3 | 1,215,010,191 | 861,610,368 |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 4 | 570,222,269 | 795,080,213 |
| Deferred Tax Liabilities (Net) | 5 | 147,491,928 | - |
| Other Long Term Liabilities | 6 | - | 250,000 |
| Long Term Provisions | 7 | 10,709,000 | 10,709,000 |
| Current Liabilities | | | |
| Short Term Borrowings | 8 | 860,993,947 | 542,341,200 |
| Trade Payables | 9 | - | - |
| -Total outstanding dues of micro enterprises & small enterprises | | - | - |
| -Total outstanding dues of creditors other than micro enterprises & small enterprises | | 195,599,872 | 277,356,698 |
| Other Current Liabilities | 10 | 656,631,700 | 689,603,519 |
| Short Term Provisions | 11 | 42,550,743 | 3,044,915 |
| Total | | 4,228,566,870 | 3,709,353,133 |
| ASSETS | | | |
| Non Current Assets | | | |
| Fixed Assets | 12 | | |
| (i) Tangible Assets | | 1,805,462,430 | 1,839,756,361 |
| (ii) Intangible Assets | | 722,311 | 76,235 |
| (iii) Capital Work-in-Progress | | 30,000,718 | 41,538,655 |
| Non Current Investments | 13 | 2,830,000 | 1,720,000 |
| Long Term Loans and Advances | 14 | 247,035,540 | 147,961,517 |
| Other Non Current Assets | 15 | 14,194,452 | 12,555,672 |
| Current Assets | | | |
| Inventories | 16 | 613,655,518 | 393,108,926 |
| Trade Receivables | 17 | 408,932,127 | 380,115,171 |
| Cash and Bank Balances | 18 | 100,169,164 | 83,676,803 |
| Short Term Loans and Advances | 19 | 654,949,903 | 302,857,761 |
| Other Current Assets | 20 | 350,614,707 | 505,986,032 |
| Total | | 4,228,566,870 | 3,709,353,133 |

Significant Accounting Policies

1

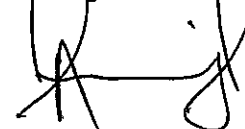
The accompanying notes 2 to 28 forms an integral part of the Financial Statements.

As per our report of even date attached

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. 302049E



ANURAG SINGHI

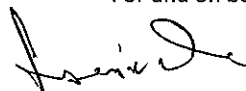
Partner

Membership No. 066274

Place: Kolkata

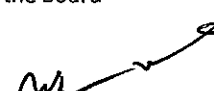
Dated: the 24th day of July, 2017

For and on behalf of the Board



LALIT BERIWALA
Whole Time Director

DIN No.: 00006198



NIKUNJ BERIWAL
Whole Time Director
& Chief Financial Officer

DIN No.: 00529975



SUDHA AGARWAL
Company Secretary

Shyam Steel Manufacturing Limited

(Formerly Known as Sova Ispat Limited)

CIN No.: U28999WB1991PLC051823

Statement of Profit and Loss for the year ended 31st March 2017

| (Amount in ₹) | | | |
|--|----------|------------------------------------|------------------------------------|
| Particulars | Note No. | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
| Revenue from Operations (Gross) | 21 | 4,773,060,215 | 3,531,045,088 |
| Less: Excise Duty | | 309,112,556 | 296,876,426 |
| Revenue from Operations (Net) | | 4,463,947,659 | 3,234,168,662 |
| Other Income | 22 | 16,720,909 | 6,806,651 |
| Total Revenue | | 4,480,668,568 | 3,240,975,313 |
| Cost of Materials Consumed | 28 (xi) | 2,700,940,505 | 2,049,689,603 |
| Changes in Inventories of Finished Goods and Semi-Finished Goods | 23 | (12,561,711) | 158,722,061 |
| Employee Benefits Expense | 24 | 146,563,659 | 100,952,222 |
| Finance Costs | 25 | 174,516,341 | 182,622,817 |
| Depreciation, Amortization & Impairment Expenses | 26 | 183,854,869 | 221,542,313 |
| Other Expenses | 27 | 793,930,506 | 311,221,891 |
| Total Expenses | | 3,987,244,169 | 3,024,750,907 |
| Profit Before Tax | | 493,424,399 | 216,224,406 |
| Tax Expense | | | |
| -Current Tax | | 105,304,662 | 43,261,640 |
| -MAT Credit Entitlement (including for earlier years ₹ 10,350,648/-) | | (115,655,310) | (40,010,513) |
| -Tax for Earlier Years | | 2,883,296 | 2,418,978 |
| -Deferred Tax | | 147,491,928 | - |
| Profit for the year | | 353,399,823 | 210,554,301 |
| Earnings per Equity Share: | | | |
| Nominal value Per Share ₹ 10 | 28 (vi) | | |
| Basic (₹) | | 6.68 | 3.98 |
| Diluted (₹) | | 6.33 | 3.72 |
| Significant Accounting Policies | 1 | | |

The accompanying notes 2 to 28 forms an integral part of the Financial Statements.

As per our report of even date attached
For **SINGHI & CO.**

Chartered Accountants
Firm Reg. No. 302049E

ANURAG SINGHI

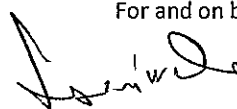
Partner

Membership No. 066274

Place: Kolkata

Dated: the 24th day of July, 2017

For and on behalf of the Board



LALIT BERIWALA
Whole Time Director

DIN No.: 00006198



NIKUNJ BERIWAL
Whole Time Director
& Chief Financial Officer
DIN No.: 00529975



SUDHA AGARWAL
Company Secretary



SHYAM STEEL MANUFACTURING LIMITED

(Formerly Known as Sova Ispat Limited)

CIN No.: U28999WB1991PLC051823

Cash Flow Statement for the year ended 31st March 2017

| (Amount in ₹) | | | |
|--|----------|--|--|
| Particulars | Note No. | For the year ended 31 st March 2017 | For the year ended 31 st March 2016 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit Before Tax | | 493,424,399 | 216,224,406 |
| Adjustments for : | | | |
| Depreciation and Amortization Expense | | 183,854,869 | 221,542,313 |
| Liabilities no longer required written back | | (6,512,455) | (757,144) |
| (Profit)/Loss on sale of Current Investment | | - | (23,073) |
| Interest Income from Bank Deposits | | (6,526,948) | (5,867,212) |
| Provision for Gratuity | | 3,492,130 | 674,404 |
| Interest & Other Finance Charges | | 174,516,341 | 182,622,817 |
| Sundry Balances Written Off | | 40,274,617 | 1,961,158 |
| | | 389,098,554 | 400,153,263 |
| Operating Profit/ (Loss) before Working Capital Changes | | 882,522,953 | 616,377,669 |
| Adjustments for : | | | |
| Trade Receivables, Loans & Advances and Other Assets | | (267,139,386) | (221,115,197) |
| Inventories | | (220,546,592) | 321,529,812 |
| Trade Payables, Other Liabilities and Provisions | | (111,281,243) | (34,868,293) |
| Cash Generated from Operations | | 283,555,732 | 681,923,991 |
| Income Tax Paid (Net of Refund) | | (45,536,236) | (43,996,972) |
| Net Cash from Operating Activities | | 238,019,496 | 637,927,019 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | | (154,704,525) | (252,710,983) |
| Purchase of Non Current Investment | | (1,110,000) | (565,000) |
| Proceeds from Current Investment (net) | | - | 23,073 |
| Net Proceeds from Bank Deposits | | (18,940,589) | (13,108,328) |
| Interest Received | | 11,462,747 | 1,821,555 |
| Net Cash Used in Investing Activities | | (163,292,367) | (264,539,683) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from Long Term Borrowings | | 90,000,000 | 327,546,637 |
| Repayment of Long Term Borrowings | | (312,000,164) | (418,814,417) |
| Net Proceeds from Short Term Borrowings | | 318,652,747 | (118,558,914) |
| Interest & Other Finance Charges Paid | | (173,200,482) | (182,074,284) |
| Net Cash Flow used in Financing Activities | | (76,547,899) | (391,900,978) |
| Increase / (Decrease) in Cash & Cash Equivalents (A+B+C) | | (1,820,770) | (18,513,642) |
| Cash & Cash Equivalent at the beginning of the Year | | 9,044,279 | 27,557,921 |
| Cash & Cash Equivalent at the end of the Year | (a) | 7,223,509 | 9,044,279 |



SHYAM STEEL MANUFACTURING LIMITED.

(Formerly Known as Sova Ispat Limited)

CIN No.: U28999WB1991PLC051823

Cash Flow Statement for the year ended 31st March 2017

| (Amount in ₹) | | | |
|---|----------|--|--|
| Particulars | Note No. | For the year ended 31 st March 2017 | For the year ended 31 st March 2016 |
| Significant Accounting Policies | 1 | | |
| Notes : | | | |
| a Cash & Cash Equivalent includes : | | | |
| Cash on Hand | | 2,065,611 | 5,658,880 |
| Balance with Banks | | | |
| In Current Account | | 5,157,898 | 3,385,399 |
| | | 7,223,509 | 9,044,279 |
| b Cash & Cash Equivalent as in note (a) above | | 7,223,509 | 9,044,279 |
| Other Bank Balances | | | |
| Bank Deposits | | 56,445,655 | 38,132,524 |
| Other Bank Deposits | | 36,500,000 | 36,500,000 |
| Cash & Bank Balances (As per Note 18) | | 100,169,164 | 83,676,803 |

c The Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard -3 "Cash Flow Statements" as specified under section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.

d Direct Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

e Previous year's figures have been re-grouped / re-arranged wherever necessary.

f Cash & Cash Equivalent at the year end as disclosed above are available for use in the ordinary course of business.

g Figures in brackets represents cash outflow.

The accompanying notes 2 to 28 forms an integral part of the Financial Statements.

As per our report of even date attached

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. 302049E



ANURAG SINGHI

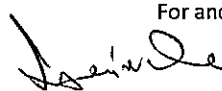
Partner

Membership No. 066274

Place: Kolkata

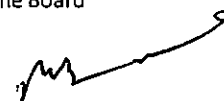
Dated: the 24th day of July, 2017

For and on behalf of the Board



LALIT BERIWALA
Whole Time Director

DIN No.: 00006198



NIKUNJ BERIWAL
Whole Time Director
& Chief Financial Officer

DIN No.: 00529975



SUDHA AGARWAL
Company Secretary



SHYAM STEEL MANUFACTURING LIMITED

(Formerly known as Sova Ispat Limited)

CIN No.: U28999WB1991PLC051823

Notes on Financial Statements as at and for the Year ended 31st March, 2017

1. Significant Accounting Policies

A. Accounting Convention

The financial statements of the Company have been prepared under the historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles (GAAP) in India, the applicable mandatory Accounting Standards specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 as applicable to the Company as on 31st March, 2017. The financial Statements have been prepared and presented as per the requirement of schedule III as notified under Companies Act, 2013.

B. Use of Estimates

The preparation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are actually known/ materialized.

C. Inventories

Items of Inventories are valued at cost or net realizable value, whichever is lower. Net Realizable Value is the estimated selling price in the ordinary course less the estimated cost of completion and the estimated costs necessary to make the sale. Cost of inventories comprises all costs of purchase, costs of conversion & other costs incurred in bringing the inventories to their present location & condition. Cost in respect of:

- a. Raw Materials, Consumables, Stores & Spares and Traded Goods are computed under Moving Weighted Average Method;
- b. Finished Goods are computed under Weighted Average Method.

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

D. Cash Flow Statement

Cash Flow Statement presents the cash flows generated from or used in operating, investing and financing activities of the Company under Indirect Method. Cash and Cash equivalents for the purpose of cash flow statement comprises of Cash at Bank, Cash on Hand and Bank deposits with original maturity of three months or less.

E. Prior Period Items

Prior Period Items are income or expenses which arise in the current period as the result of errors or omissions in the preparation of financial statement of one or more periods.

F. Revenue Recognition

- (i) Revenue from sale of goods is recognized on transfer of all significant risk and rewards of the ownership of the goods to the buyer and stated at net of trade discount and rebates (if any). Sales are net of Sales Tax/ Value Added Tax (as applicable). Excise Duty recovered is presented as a reduction from Gross Turnover.
- (ii) Insurance and other claims, to the extent considered recoverable, are accounted for in the year of claim. However, claims and refunds whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance from the respective agencies or departments.



SHYAM STEEL MANUFACTURING LIMITED

(Formerly known as Sova Ispat Limited)

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Notes on Financial Statements as at and for the Year ended 31st March, 2017

- (iii) Subsidies and Other incentives are accounted for on accrual basis.
- (iv) Interest on Bank Deposits and Others are accounted for on accrual basis.
- (v) Commission Received is recognized as and when the same is accrued or on completion of the respective contract.

G. Property, Plant and Equipment

a. Tangible Assets & Capital Work-In-Progress

- (i) Tangible Assets are stated at their original cost less accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs, if capitalization criteria are met, and directly attributable costs of bringing the asset to its working condition for the intended use. Any trade discounts or rebates received are deducted in arriving at the purchase price.
- (ii) Profit & Loss on sale of Tangible Assets are included in the Statement of Profit and Loss and calculated as difference between the value realized and book value on the date of such disposal.
- (iii) Capital Work-In-Progress comprises the cost of Tangible Assets that are not yet ready for their intended use at the Balance Sheet date. Capital Work- in-Progress is stated at cost.
- (iv) Capitalization of expenditure during construction period:- Indirect expenses incurred up to the date of commercial production which are incidental and directly related to construction are capitalized as part of the construction cost. Income, if any, earned during the construction period/ trial run of the assets is deducted from the cost of capitalization.
- (v) Depreciation on tangible fixed assets is provided on straight line method on pro-rata at the rates determined based on the useful lives of respective assets as prescribed in the Schedule II of the Companies Act, 2013.
- (vi) In case of assets for captive power plant under the head "Plant and Machinery", depreciation has been provided on Straight Line Method at the rates determined considering the useful life of 25 years which is based on the technical assessment done by an independent expert and the management believes that the useful life as considered above best represent the period over which the respective assets shall be expected to be in use.
- (vii) Leasehold Land is amortized over the period of the Lease.
- (viii) Discarded Tangible Assets awaiting disposal are valued at lower of cost and estimated realizable value and disclosed separately.
- (ix) Tangible Assets costing less than Rs. 5,000/- are depreciated fully in the year of acquisition considering useful life one year for the same.

H. Foreign Currency Transaction

Transactions in foreign currency are recorded at the exchange rates prevailing on the date of transaction. Exchange differences arising on settlement of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements are recognized as income or expense in the period in which they arise. Year end balances of monetary items are restated at the year end exchange rates. Non Monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction.



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In respect of transactions covered by Forward Exchange Contracts, the difference between the forward rate and exchange rate at the inception of the contract i.e., Premium or Discount is recognized as income or expense over the life of the contract. Exchange difference between rate at the inception of such contracts and rate on reporting date are recognized as income or expense for the period. Any gain or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year in which they accrue.

I. Government Grant & Subsidy

Government grants are recognized when there is a reasonable assurance that the same will be received. Revenue grants are recognized in the Statement of Profit and Loss. Capital Grants relating to specific Tangible Assets are reduced from the gross value of the respective Tangible Assets. Capital grants for Project Capital Subsidy are credited to Capital Reserve.

J. Investments

Long Term Investments are carried at cost. Provision for diminution on long term investment is made to recognize a decline in value, other than temporary, if any, in the opinion of the management. Current investments are carried at lower of cost and fair value, determined on individual basis.

K. Employee Benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service.

The Company operates a defined benefit plan for its employees, viz., gratuity. The costs of providing benefits under the plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out using the projected unit credit method. Actuarial gains and losses for the defined benefit plan are recognized in full in the year in which they occur in the Statement of Profit and Loss.

The leave earned during the year by the employees is not carried forward and is encashed in the subsequent year.

L. Borrowing Costs

Borrowing Costs include interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized for time taken in completion of all substantial activities necessary to prepare the qualifying assets for their use. A qualifying asset is the one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred.

M. Leases

(i) Finance Lease

Assets acquired under lease agreements which effectively transfer to the Company substantially, all the risks and benefits, incidental to ownership of the leased items, are capitalized at the lower of the fair value and present value of the minimum lease payments after discounting them at an appropriate discount rate at the inception of the lease term and disclosed as leased assets. Lease payments are appropriated between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the Statement of Profit & Loss.



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Leased assets capitalized, if any, are depreciated over the shorter of the estimated useful life of the asset or the lease term on straight line basis.

(ii) Operating Lease

Leases where the lesser effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

N. Earnings Per Share

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

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

O. Tax on Income

Current Tax in respect of taxable income is provided based on computation of tax as per taxation laws under the Income Tax Act, 1961.

Deferred Tax is recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are not recognized unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Tax Credit for Minimum Alternate Tax (MAT) is recognized when there is convincing evidence of its realizability against future normal tax liability.

P. Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment loss, if any. Cost includes directly attributable expenditure for development of such assets.

Amortization of intangible assets is provided over the estimated useful life i.e. 5 years.

Q. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value, being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been an improvement in recoverable amount.

R. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- (ii) Disclosure for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. No provision is recognized or disclosure for contingent liability is made when there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote.

(iii) Contingent Asset is neither recognized nor disclosed in the financial statements.



2 Share Capital

| Particulars | As at 31 st March 2017 | | As at 31 st March 2016 | |
|---|-----------------------------------|--------------------|-----------------------------------|--------------------|
| | No. of Shares | Amount (₹) | No. of Shares | Amount (₹) |
| 2.1 Authorized Share Capital | | | | |
| Equity shares of ₹ 10/- each | 55,000,000 | 550,000,000 | 55,000,000 | 550,000,000 |
| | <u>55,000,000</u> | <u>550,000,000</u> | <u>55,000,000</u> | <u>550,000,000</u> |
| Issued, Subscribed and Fully Paid Up Share Capital | | | | |
| Equity shares of ₹ 10/- each | 52,935,722 | 529,357,220 | 52,935,722 | 529,357,220 |
| | <u>52,935,722</u> | <u>529,357,220</u> | <u>52,935,722</u> | <u>529,357,220</u> |

2.2 There has been no movement in the number of Shares outstanding at the beginning and at the end of the reporting period.

2.3 Terms/Rights attached to Equity Shares

The company has issued only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except for the interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.4 Details of Equity Shares held by Holding Company

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|--|--------------------------|--------------------------|
| Equity Shares of ₹ 10/- each fully paid Shyamsteel Energy Private Limited | 52,151,322 | 52,151,322 |

2.5 Details of Equity Shareholders holding more than 5% shares in the company

| Particulars | 31st March 2017 | | 31st March 2016 | |
|--|-----------------|-----------|-----------------|-----------|
| | No. of Shares | % Holding | No. of Shares | % Holding |
| Equity Shares of ₹ 10/- each fully paid Shyamsteel Energy Private Limited | 52,151,322 | 98.52% | 52,151,322 | 98.52% |

2.6 No ordinary shares have been reserved for issue under options and contracts/ commitments for the sale of shares/ disinvestment as at the Balance Sheet date.

2.7 The Company has not allotted any shares as fully paid up pursuant to contract(s) without payment being received in cash or by way of fully paid bonus shares nor has bought back any shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

2.8 The company has 1,000,000 Fully Convertible Debentures of ₹ 100/- outstanding at the balance sheet date. The terms and conditions thereof has been disclosed in Note no. 4.1

2.9 No calls are unpaid by any Director or Officer of the Company during the year.

| Particulars | (Amount in ₹) | |
|--|--------------------------------------|--------------------------------------|
| | As at 31 st March 2017 | As at 31 st March 2016 |
| 3 Reserves and Surplus | | |
| Capital Reserve | | |
| Balance at the beginning and end of the year | 57,017,294 | 57,017,294 |
| Securities Premium Account | | |
| Balance at the beginning and end of the year | 587,422,700 | 587,422,700 |
| Surplus/(Deficit) in Statement of Profit & Loss | | |
| Balance at the beginning of the year | 217,170,374 | 6,616,073 |
| Add: Profit for the period | 353,399,823 | 210,554,301 |
| Balance at the end of the year | 570,570,197 | 217,170,374 |
| Total Reserves and Surplus | <u>1,215,010,191</u> | <u>861,610,368</u> |



| Particulars | Ref. Note No. | As at 31 st March 2017 | | As at 31 st March 2016 | |
|---|---------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
| | | Non Current | Current | Non Current | Current |
| 4 Long-Term Borrowings | | | | | |
| Debentures(Unsecured) | | | | | |
| 1% Fully Convertible Debentures of ₹ 100/- each | 4.1 | 100,000,000 | - | 100,000,000 | - |
| Term Loan (Secured) | | | | | |
| In Indian Currency | | | | | |
| -From Banks | 4.2 | 233,944,189 | 86,257,649 | 315,115,013 | 124,890,909 |
| In Foreign Currency | | | | | |
| -From Banks | 4.3 | 236,278,080 | 112,891,040 | 299,965,200 | 151,400,000 |
| Unsecured Loan | | | | | |
| From Others | 4.4 | - | 80,000,000 | 80,000,000 | - |
| | | 570,222,269 | 279,148,689 | 795,080,213 | 276,290,909 |
| Less: Disclosed under the head Current Liabilities | | - | 279,148,689 | - | 276,290,909 |
| | | 570,222,269 | - | 795,080,213 | - |

Terms and Conditions of Long Term Borrowings :

- 4.1** The Company had issued 1,000,000 1% Fully Convertible Debentures(FCDs) of ₹ 100/- each, on December 18, 2012 ("Allotment Date") which is fully convertible into equity shares. The FCDs holders shall have the right to exercise its put option and seek conversion of FCDs into equity shares, during the period commencing at the expiry of 54 months and ending at the expiry of 60 months from the Allotment Date and the Company shall have the right to exercise its Call Option and convert FCDs during the period commencing at the expiry of 54 months from the Allotment Date and ending at the expiry of 60 months from the Allotment Date. The conversion rate shall be determined at the general meeting of shareholders of the company, during the prescribed period of exercise of Put/Call Option.
- 4.2 Term Loan - From Banks - In Indian Currency**
- a Repayable in remaining one quarterly instalment ending in June, 2017. The entire loan has been converted into FCNR loan except for the fractional amount disclosed here. **4.3.a & 4.5.i** 2,220 2,220
- b Repayable in remaining one quarterly instalment ending in June, 2017 **4.5.i** 10,492,570 49,700,000
- c Repayable in remaining one quarterly instalment ending in June, 2017 **4.5.i** 20,271,949 100,942,654
- d Repayable in remaining eighteen unequal quarterly instalment ending in September 2021. The repayment schedule being ₹ 41,600,000/- in 2017-18, ₹ 42,000,000/- each in 2018-19 to 2020-21 and the balance amount in 2021-22. The entire loan amount has been converted into FCNR loan except for the amount disclosed here. **4.3.b & 4.5.i** 1,449,800 2,414,363
- e Repayable in remaining seventeen unequal quarterly instalments ending in June 2021. The repayment schedule being ₹ 15,000,000/- in 2017-18 to 2019-20, ₹ 15,200,000/- each in 2020-21 and the balance amount in 2021-22. The entire loan amount has been converted into FCNR loan except for the amount disclosed here. **4.3.c & 4.5.i** 1,154,110 11,672,775
- f Repayable in remaining seventeen equal quarterly instalment of ₹ 2,272,727/- each ending in June 2021 **4.5.i** 38,635,819 47,727,273
- g Repayable in remaining eighteen unequal quarterly instalment ending in September 2021. The repayment schedule being ₹ 15,000,000/- in 2017-18 to 2019-20, ₹ 15,200,000/- each in 2020-21 and the balance amount in 2021-22. The entire loan amount has been converted into FCNR loan except for the amount disclosed here. **4.3.d & 4.5.i** 640,000 70,000,000
- h Repayable in twenty two equal quarterly instalment of ₹ 7,100,000/- each starting from June 2017 and the balance amount in December 2022 **4.5.i** 157,546,670 157,546,637
- i Repayable in fifteen equal quarterly instalment of ₹ 6,000,000/- each starting from September 2017 and ending in March 2021 **4.5.i** 90,008,700 -
- 4.3 Term Loan - From Banks - In Foreign Currency**
- a The loan has been received by conversion of existing rupee term loan mentioned in 4.2.a (above) from the same bank. The repayment schedule and other terms & condition are same as that of the original loan. **4.5.i** 43,932,320 200,844,160
- b The loan has been received by conversion of existing rupee term loan mentioned in 4.2.d (above) from the same bank. The repayment schedule and other terms & condition are same as that of the original loan. **4.5.i** 180,859,200 147,895,550



| | | (Amount in ₹) | |
|---|---------------|--------------------------------------|--------------------------------------|
| Particulars | Ref. Note No. | As at 31 st March 2017 | As at 31 st March 2016 |
| c The loan has been received by conversion of existing rupee term loan mentioned in 4.2.e (above) from the same bank. The repayment schedule and other terms & condition are same as that of the original loan. | 4.5.i | 58,777,600 | 52,547,990 |
| d The loan has been received by conversion of existing rupee term loan mentioned in 4.2.g (above) from the same bank. The repayment schedule and other terms & condition are same as that of the original loan. | 4.5.i | 65,600,000 | - |

4.4 Unsecured Loan

The unsecured loan is subordinate to term loan availed by the company and shall be repaid after the completion of the tenure of the term loan in single payment basis.

4.5 Details of Security Given for Loan

- i Pari passu 1st charge on the entire Fixed assets of the company & Pari passu 2nd Charge on the entire Current assets of the Company.

| | | (Amount in ₹) | |
|---|--|--------------------------------------|--------------------------------------|
| Particulars | | As at 31 st March 2017 | As at 31 st March 2016 |
| 5 Deferred Tax Liability (Net) | | | |
| Deferred Tax Liability Item (A) | | | |
| On Difference in WDV of Fixed Assets | | 726,997,915 | 694,484,978 |
| | | 726,997,915 | 694,484,978 |
| Deferred Tax Assets Item (B) | | | |
| Unabsorbed Depreciation | | 239,916,335 | 757,635,729 |
| Others | | - | - |
| Provision for Doubtful Debts | | 10,694,748 | 8,650,148 |
| Item u/s 43B of Income Tax Act, 1961 | | 50,208,122 | 96,788,073 |
| | | 300,819,205 | 863,073,950 |
| Net Timing Difference (C=A-B) | | 426,178,710 | (168,588,972) |
| Deferred Tax Liability/ (Asset) (Net) @34.608% | | 147,491,928 | (58,345,271) |
| Less: Deferred Tax Liability/ (Asset) not accounted for | | - | (58,345,271) |
| Deferred Tax Liability/ (Asset) (Net) as at Balance Sheet date | | 147,491,928 | - |

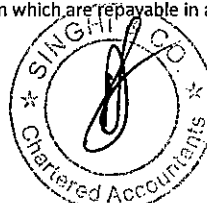
| | | (Amount in ₹) | |
|--------------------------------------|---------------|--------------------------------------|--------------------------------------|
| Particulars | Ref. Note No. | As at 31 st March 2017 | As at 31 st March 2016 |
| 6 Other Long Term Liabilities | | | |
| Security Deposits (Unsecured) | | - | 250,000 |
| | | - | 250,000 |
| 7 Long-Term Provisions | | | |
| Provision for Mine Closure | 7.1 | 10,709,000 | 10,709,000 |
| | | 10,709,000 | 10,709,000 |

- 7.1 Following the guidelines from Ministry of Coal, Government of India for preparation of mine closure plan, a provision is made in the accounts. Such provision is made as per the technical assessment made in the mine closure plan submitted to Ministry of Coal. As per the above guidelines an amount equivalent to the provision made is to be deposited in a separate identifiable account set up for this purpose. The company has opened the fixed deposit account specifically for this purpose of the amount equal to yearly provisions made which has been disclosed under "Other Non Current Assets" in Note No. 15.1 of the Financial Statements. The interest accrued on the same has been disclosed separately.

| | | (Amount in ₹) | |
|---|----------------------|--------------------------------------|--------------------------------------|
| Particulars | Ref. Note No. | As at 31 st March 2017 | As at 31 st March 2016 |
| 8 Short-Term Borrowings | | | |
| Loans Repayable on Demand | | | |
| Working Capital Loan from Banks (Secured) | 8.1 | 530,667,127 | 475,357,577 |
| Loans from Other Parties (Unsecured) | | 61,824,437 | 33,782,576 |
| Short Term Loan (Secured) | 8.1 & 8.2 | | |
| in Foreign Currency | | 268,502,383 | 33,201,047 |
| | | 860,993,947 | 542,341,200 |

- 8.1 Loans are secured by hypothecation of current assets of the company, both current and future.

- 8.2 Short term loan in foreign currency represents Buyers' Credit and PCFC loan which are repayable in a single bullet at the expiry of the term of the respective loans.



(Amount in ₹)

| Particulars | Ref. Note No. | As at 31 st March 2017 | As at 31 st March 2016 | | | | | | | | | | | | | | | | | | |
|--|---------------|--------------------------------------|--------------------------------------|-------------|---------|---------|---|-----|-----|---|-----|-----|--|-----|-----|--|-----|-----|--|-----|-----|
| 9 Trade Payables | | | | | | | | | | | | | | | | | | | | | |
| Trade Payables for goods & services | | | | | | | | | | | | | | | | | | | | | |
| -Total outstanding dues of micro and small enterprises | 9.1 | - | - | | | | | | | | | | | | | | | | | | |
| -Others | | 195,599,872 | 277,356,698 | | | | | | | | | | | | | | | | | | |
| | | <u>195,599,872</u> | <u>277,356,698</u> | | | | | | | | | | | | | | | | | | |
| 9.1 The Company has not received any memorandum (as required to be filed by suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as Micro, Small or Medium Enterprises. Disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent ascertained, and as per notification number GSR 679 (E) dated 4th September, 2015 is given below: | | | | | | | | | | | | | | | | | | | | | |
| <table><tr><th>Particulars</th><th>2016-17</th><th>2015-16</th></tr><tr><td>The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year.</td><td>NIL</td><td>NIL</td></tr><tr><td>The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.</td><td>NIL</td><td>NIL</td></tr><tr><td>The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006</td><td>NIL</td><td>NIL</td></tr><tr><td>The amount of interest accrued and remaining unpaid at the end of each accounting year</td><td>NIL</td><td>NIL</td></tr><tr><td>The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006</td><td>NIL</td><td>NIL</td></tr></table> | | | | Particulars | 2016-17 | 2015-16 | The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year. | NIL | NIL | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | NIL | NIL | The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | NIL | NIL | The amount of interest accrued and remaining unpaid at the end of each accounting year | NIL | NIL | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | NIL | NIL |
| Particulars | 2016-17 | 2015-16 | | | | | | | | | | | | | | | | | | | |
| The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each financial year. | NIL | NIL | | | | | | | | | | | | | | | | | | | |
| The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | NIL | NIL | | | | | | | | | | | | | | | | | | | |
| The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | NIL | NIL | | | | | | | | | | | | | | | | | | | |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | NIL | NIL | | | | | | | | | | | | | | | | | | | |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | NIL | NIL | | | | | | | | | | | | | | | | | | | |
| 10 Other Current Liabilities | | | | | | | | | | | | | | | | | | | | | |
| Current Maturities of Long Term Borrowings | 4 | 279,148,689 | 276,290,909 | | | | | | | | | | | | | | | | | | |
| Interest Accrued but not Due on Borrowings | | 10,089,539 | 8,773,680 | | | | | | | | | | | | | | | | | | |
| Advance from Customers | | 298,321,533 | 271,567,047 | | | | | | | | | | | | | | | | | | |
| Employee Related Liabilities | | 12,829,214 | 11,337,201 | | | | | | | | | | | | | | | | | | |
| Liabilities for Capital Goods | | 752,688 | 2,411,331 | | | | | | | | | | | | | | | | | | |
| Statutory Liabilities | | 15,398,789 | 84,355,937 | | | | | | | | | | | | | | | | | | |
| Forward Cover Payable (Net) | | 40,091,248 | 34,867,414 | | | | | | | | | | | | | | | | | | |
| | | <u>656,631,700</u> | <u>689,603,519</u> | | | | | | | | | | | | | | | | | | |
| 11 Short Term Provisions | | | | | | | | | | | | | | | | | | | | | |
| Provision for Employee Retirement Benefits | | 6,236,988 | 3,044,915 | | | | | | | | | | | | | | | | | | |
| Provision for Income Tax (Net of Advance Tax of ₹ 68,990,907, P.Y. NIL) | | 36,313,755 | - | | | | | | | | | | | | | | | | | | |
| | | <u>42,550,743</u> | <u>3,044,915</u> | | | | | | | | | | | | | | | | | | |



Shyam Steel Manufacturing Limited
(Formerly Known as Sova Ispat Limited)

CIN No.: U28999WB1991PLC051823

Notes on Financial Statements for the Year ended 31st March, 2017

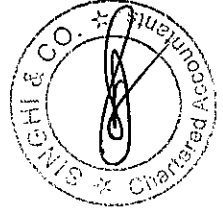
Note - 12

Fixed Assets

(Amount in ₹)

| Particulars | Gross Block | | | Depreciation and Amortization | | | Net Block | |
|-----------------------------------|---------------------------------------|--------------------|--------------------------------|---------------------------------------|--------------------------------------|--------------------|--------------------------------------|--|
| | As at 31 st March, 2016 | Additions | Sales and Other Adjustments | As at 31 st March, 2017 | Upto 31 st March, 2016 | For the Year | Upto 31 st March, 2017 | As at 31 st March, 2017 As at 31 st March, 2016 |
| Tangible Assets | | | | | | | | |
| Land | | | | | | | | |
| Freehold | 16,341,052 | 6,805,807 | - | 23,146,859 | - | - | - | 23,146,859 |
| Leasehold | 85,951,092 | - | - | 85,951,092 | 1,059,361 | 868,193 | 1,927,554 | 84,023,538 |
| Buildings | 345,900,139 | 33,119,895 | - | 379,020,034 | 62,723,075 | 11,665,957 | 74,389,032 | 304,631,002 |
| Plant & Equipment | 1,674,785,271 | 88,130,197 | - | 1,762,915,468 | 555,502,664 | 105,005,358 | 660,508,022 | 1,102,407,446 |
| Electrical Installation | 531,226,673 | 16,721,015 | - | 547,947,688 | 212,662,860 | 61,775,147 | 274,438,007 | 273,509,681 |
| Office Equipment | 5,648,340 | 865,381 | - | 6,513,721 | 2,301,671 | 1,052,874 | 3,354,545 | 3,159,176 |
| Furniture & Fixtures | 2,323,469 | 504,680 | - | 2,828,149 | 598,453 | 249,203 | 847,656 | 1,980,493 |
| Computer and Data Processing Unit | 3,525,695 | 588,932 | - | 4,114,627 | 2,902,450 | 405,574 | 3,308,024 | 806,603 |
| Vehicles | 29,962,341 | 2,699,119 | - | 32,661,460 | 18,157,177 | 2,706,651 | 20,863,828 | 11,797,632 |
| Tangible Assets Total | 2,695,664,072 | 149,435,026 | - | 2,845,099,098 | 855,907,711 | 183,728,957 | 1,039,636,668 | 1,805,462,430 |
| Previous Year | 2,489,102,322 | 206,561,750 | - | 2,695,664,072 | 634,394,865 | 203,612,131 | 855,907,711 | 1,839,756,361 |

| Particulars | Gross Block | | | As at 31 st March, 2017 | Depreciation and Amortization | | | Net Block | |
|------------------------------|---------------------------------------|-------------|--------------------------|---------------------------------------|--------------------------------------|-----------------|--------------------------------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2016 | Additions | Sales and Adjustments | | Upto 31 st March, 2016 | For the Year | Upto 31 st March, 2017 | As at 31 st March, 2017 | As at 31 st March, 2016 |
| Intangible Assets (Acquired) | | | | | | | | | |
| Computer Software | 147,337 | 771,988 | - | 919,325 | 71,102 | 125,912 | 197,014 | 722,311 | |
| Intangible Assets Total | 147,337 | 771,988 | - | 919,325 | 71,102 | 125,912 | 197,014 | 76,235 | |
| Previous Year | 147,337 | - | - | 147,337 | 41,635 | 29,467 | 71,102 | 105,702 | |
| TOTAL FIXED ASSETS | 2,695,811,409 | 150,207,014 | - | 2,846,018,423 | 855,978,813 | 183,854,869 | 1,039,833,682 | 1,806,184,741 | |
| Previous Year | 2,489,249,659 | 206,561,750 | - | 2,695,811,409 | 634,436,500 | 203,641,598 | 855,978,813 | 1,839,832,596 | |
| Capital Work-in-Progress | 41,538,655 | 105,636,749 | 117,174,686 | 30,000,718 | - | - | - | 30,000,718 | |
| Previous Year | 6,674,110 | 228,688,737 | 193,824,192 | 41,538,655 | - | - | - | 41,538,655 | |



| Particulars | Ref. Note No. | (Amount in ₹) | |
|---|---------------|--------------------------------------|--------------------------------------|
| | | As at 31 st March 2017 | As at 31 st March 2016 |
| 13 Non Current Investments (Valued at Cost unless stated otherwise) Long Term Trade Investments in Equity Instruments (Unquoted) | | | |
| In Subsidiaries | | | |
| SHYAM MINING PRIVATE LTD. 168,000 (P.Y. 168,000) fully paid Equity Shares of ₹ 10/- each | | 1,680,000 | 1,680,000 |
| VAIKUNTHA TRADECOM PVT LTD 11,100 (P.Y. Nil) fully paid Equity Shares of ₹ 10/- each | | 1,110,000 | - |
| Others | | | |
| 5-Year National Savings Certificate - VIII issue 4 Nos. (P. Y. 4) of ₹ 10,000/- each | | 40,000 | 40,000 |
| | | 2,830,000 | 1,720,000 |
| Aggregate amount of Unquoted Investments | | 2,830,000 | 1,720,000 |
| 14 Long-Term Loans and Advances (Unsecured but considered good, unless otherwise stated) | | | |
| Capital Advances | | 56,302,321 | 41,925,516 |
| Security Deposit | | 577,553 | 4,950,029 |
| Other Loans and Advances | | | |
| -Advance Income Tax (Net of Provision ₹ 754,320/- P.Y. ₹ 73,347,717/-) | | 199,123 | 26,537,090 |
| -MAT Credit Entitlement | | 189,293,648 | 73,638,338 |
| -Prepaid Expenses | | 662,895 | 910,544 |
| | | 247,035,540 | 147,961,517 |
| 15 Other Non Current Assets (Unsecured but considered good, unless otherwise stated) | | | |
| Bank Deposits | 15.1 | 11,586,000 | 10,958,542 |
| Interest on deposit accrued but not due | | 2,608,452 | 1,597,130 |
| | | 14,194,452 | 12,555,672 |
| 15.1 Bank deposits includes deposit of ₹ 10,709,000/- (Previous year ₹ 10,709,000/-) held for the purpose of mine closure plan (as explained in Note No. 7.1) and the same is not freely available for the business of the company. The balance amount of deposit is held with the banks as margin money against BG, LC etc. | | | |
| 16 Inventories (As certified by the Management and the mode of valuation is as per note no. 1.C) | | | |
| Raw Material | 16.1 | 446,300,761 | 242,052,041 |
| Semi Finished Goods | | 53,494,711 | 63,441,223 |
| Finished Goods | | 79,695,261 | 57,187,038 |
| Stores and Spares | | 34,164,785 | 30,428,624 |
| | | 613,655,518 | 393,108,926 |
| 16.1 The above includes goods-in-transit as under: | | | |
| Raw Material | | 2,117,043 | 2,117,043 |
| | | 2,117,043 | 2,117,043 |
| 17 Trade Receivable Outstanding for a period exceeding six months from the date they are due for payment | | | |
| Unsecured, considered good | | 74,126,750 | 75,746,205 |
| Unsecured, considered Doubtful | | 2,044,600 | 2,044,600 |
| Less: Provision for Doubtful Debt | | (2,044,600) | (2,044,600) |
| | | 74,126,750 | 75,746,205 |
| Others | | | |
| Unsecured, considered good | | 334,805,377 | 304,368,966 |
| | | 408,932,127 | 380,115,171 |



Notes on Financial Statements as at and for the Year ended 31st March, 2017

| | | (Amount in ₹) | |
|--|---------------|---|---|
| Particulars | Ref. Note No. | As at 31 st March 2017 | As at 31 st March 2016 |
| 18 Cash and Bank Balances | | | |
| Cash and Cash Equivalents | | | |
| Balances with Banks: | | | |
| In Current Accounts | | 5,157,898 | 3,385,399 |
| Cash on hand | | 2,065,611 | 5,658,880 |
| | | 7,223,509 | 9,044,279 |
| Other Bank Balances: | | | |
| Bank Deposits (Held as Margin Money against BG, LC etc.) | | 56,445,655 | 38,132,524 |
| Other Bank Deposits | | 36,500,000 | 36,500,000 |
| | | 100,169,164 | 83,676,803 |
| 19 Short-Term Loans and Advances | | | |
| (Unsecured but considered good, unless otherwise stated) | | | |
| Commercial Advances and Deposits | | 641,010,532 | 279,068,364 |
| Balances with Statutory Authorities | | 12,584,246 | 21,812,296 |
| Prepaid Expenses and Other Advances | | 1,355,125 | 1,977,101 |
| | | 654,949,903 | 302,857,761 |
| 20 Other Current Assets | | | |
| (Unsecured but considered good, unless otherwise stated) | | | |
| Subsidies & Incentives Receivable | | 204,559,988 | 172,823,941 |
| Statutory Receivables | | 7,675,245 | 3,582,617 |
| Interest on deposit accrued but not due | | 1,328,565 | 7,275,686 |
| Unamortized Premium on Forward Contract | | 19,464,761 | 22,077,958 |
| Assets held for Disposal | | - | 293,128,337 |
| Other Receivables (Net of Provision ₹ 8,650,148/- , P. Y. ₹ 8,650,148/-) | 20.1 | 117,586,148 | 7,097,493 |
| | | 350,614,707 | 505,986,032 |
| 20.1 Other Receivables includes ₹ 110,488,655/- against claim lodged by the company for the de-allocation of coal block as per the Supreme Court Order dated 24th September, 2014. The Company has filed dissent against the compensation allowed by the Ministry of Coal specifying the items against which compensation was not allowed. Pending decision on the same the company has accepted the amount received from the Ministry under protest and has reclassified the claim amount from Asset Held for Disposal to Other Receivables. Any adjustment in accounts pertaining to the same shall be made only on the receipt of the final decision against the dissent filed by the Company. | | | |
| | | (Amount in ₹) | |
| Particulars | Ref. Note No. | For the year ended 31 st March 2017 | For the year ended 31 st March 2016 |
| 21 Revenue from Operations | | | |
| Sale of Products | 28(x) | 4,544,646,186 | 3,109,650,623 |
| Other Operating Revenues | | | |
| Conversion charges | | 31,444,672 | 45,102,015 |
| Commission and Supervision Charges Received | | 162,028,843 | 374,226,328 |
| Export Incentive | | 34,940,514 | 2,066,122 |
| Revenue from Operations | | 4,773,060,215 | 3,531,045,088 |
| Less: Excise Duty on Sales | | 309,112,556 | 296,876,426 |
| | | 4,463,947,659 | 3,234,168,662 |
| 22 Other Income | | | |
| Interest Income | | | |
| -Deposits with Bank | | 6,526,948 | 5,867,212 |
| -Others | | 3,681,506 | 159,222 |
| Profit on Sale of Asset held for Disposal (Net) | | - | - |
| Liability no longer required written back | | 6,512,455 | 757,144 |
| Profit on Sale of Current Investment | | - | 23,073 |
| | | 16,720,909 | 6,806,651 |
| 23 Changes in Inventories of Finished Goods and Semi Finished Goods | | | |
| Changes in Finished and Semi Finished Goods | | | |
| At the end of the year | | 133,189,972 | 120,628,261 |
| At the beginning of the year | | 120,628,261 | 279,350,322 |
| Total Changes in Inventories of finished goods and semi-finished goods | | (12,561,711) | 158,722,061 |



| | | (Amount in ₹) | |
|--|---------------|---|---|
| Particulars | Ref. Note No. | For the year ended 31 st March 2017 | For the year ended 31 st March 2016 |
| 24 Employee Benefits Expense | | | |
| Salary and Wages | | 124,128,500 | 91,133,112 |
| Contribution to Provident and Other Funds | | 14,766,837 | 6,409,242 |
| Staff Welfare Expenses | | 7,668,322 | 3,409,868 |
| | | 146,563,659 | 100,952,222 |
| 25 Finance Costs | | | |
| Interest Expenses | | | |
| -Bank | | 121,421,689 | 129,422,439 |
| -Others | | 5,221,421 | 5,483,266 |
| Other Borrowing Cost | | 45,099,167 | 46,535,986 |
| Exchange Difference regarded as adjustment to Interest Cost | | 2,774,064 | 1,181,126 |
| | | 174,516,341 | 182,622,817 |
| 25.1 Interest Paid to others include Interest on Income Tax amounting to ₹ 840,651/- (P.Y. ₹ 115,801/-) | | | |
| 26 Depreciation and Amortization | | | |
| Depreciation On Tangible Assets | | 183,728,957 | 203,612,131 |
| Amortization On intangible Assets | | 125,912 | 29,467 |
| | | 183,854,869 | 203,641,598 |
| Add: Impairment on Cement Plant | | - | 17,900,715 |
| | | 183,854,869 | 221,542,313 |
| 27 Other Expenses | | | |
| Consumption of Stores & Spares Parts | | 130,346,654 | 98,794,143 |
| Power and Fuel | | 442,290,961 | 36,897,161 |
| Rates & Taxes | | 22,677,577 | 25,393,235 |
| Insurance | | 2,853,248 | 2,404,183 |
| Brokerage & Commission | | 13,579 | 936,250 |
| Rent | | 2,437,331 | 682,095 |
| Repairs | | | |
| -Buildings | | 1,064,511 | 1,537,269 |
| -Plant & Machinery | | 1,463,970 | 1,896,882 |
| -Others | | 1,823,706 | 1,833,337 |
| Other Manufacturing Expenses | | 79,184,007 | 65,007,217 |
| Changes in Excise Duty on increase/ (decrease) of Finished Goods | | 3,765,797 | 6,498,560 |
| Delivery Charges(Net) | | 32,785,285 | 40,710,033 |
| Foreign Exchange Loss (Net) | | 2,617,483 | 187,266 |
| Travelling & Conveyance | | 4,159,845 | 3,069,758 |
| Legal & Professional Charges | | 12,290,294 | 18,222,503 |
| Payment to Auditor | 27.1 | 639,509 | 782,030 |
| Sundry Balances Written Off | | 40,274,617 | 1,961,158 |
| Other Miscellaneous Expenses | | 13,242,132 | 4,408,811 |
| | | 793,930,506 | 311,221,891 |
| 27.1 Payment to Auditor | | | |
| For Statutory Audit | | 425,000 | 425,000 |
| For Taxation Matters | | 100,000 | 100,000 |
| For Other Certifications | | 106,250 | 241,150 |
| For Reimbursement of Expenses | | 8,259 | 15,880 |
| | | 639,509 | 782,030 |



Shyam Steel Manufacturing Limited
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Notes on Financial Statements as at and for the Year ended 31st March, 2017

28 Notes Continued...

(i) Contingent Liabilities and Commitments:

(A) Contingent Liabilities not provided in respect of:

(Amount in ₹)

| Particulars | As at 31 st March, 2017 | As at 31 st March, 2016 |
|---|---------------------------------------|---------------------------------------|
| Claims & Government demands against the Company not acknowledged as Debt in respect of interest demanded by the Sales Tax Department in relation to years 2009-10 & 2011-12. The appeal against the same has been filed with the appropriate authority. | 1,812,634 | 4,600,031 |

(B) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 16,84,95,639/- (Previous Year ₹ 77,863,589/-), Net of Advance ₹56,302,321/- (Previous year ₹ 41,925,516/-).

(ii) A Corporate Social Responsibility (CSR) committee has been formed by the company as per the provisions of section 135 of the Companies Act, 2013. In accordance with the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities, the requisite disclosure are as follows:

| Particulars | As at 31 st March, 2017 | As at 31 st March, 2016 |
|--|---------------------------------------|---------------------------------------|
| Gross Amount Required to be spent by the company during the year | 3,076,910 | NOT APPLICABLE |
| Related Party transactions as per AS 18 in relation to CSR Expenditure | NIL | NOT APPLICABLE |
| Provision made in relation to CSR expenditure | NIL | NOT APPLICABLE |

Amount spent during the year on:

| Sl. No. | Particulars | In Cash | Yet to be Paid in Cash | Total |
|---------|--|-----------|------------------------|-----------|
| i | Construction/ Acquisition of any asset | 2,000,000 | - | 2,000,000 |
| ii | On purposes other than (i) above | 1,437,473 | - | 1,437,473 |

The above details has been provided only for the current year as the company was not required to incur any expenditure on CSR activities in lieu of losses incurred during earlier years.

(iii) Disclosure pursuant to Accounting Standard - 15 'Employee Benefits' as specified u/s 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 (As identified & certified by the Management)

(a) Defined Contribution Plan:

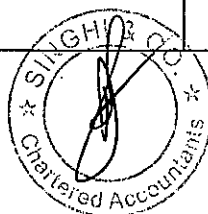
- **Provident Fund:** The Company maintains provident fund with Regional Provident Fund Commissioner, contributions made by the company to the Fund, based on the current salaries. In the provident fund schemes, contributions are also made by the employees. The annual contribution amounts to ₹ 7,631,134/- (Previous Year ₹4,198,565/-) on account of the above defined contribution scheme.
- **Employee State Insurance:** The Company contributes its ESI contribution with ESIC maintained by Government Agencies, Contributions made by the company for ESI is based on the current salaries. In the ESI scheme, contributions are also made by the employees. The annual contribution amounts to ₹ 2,098,573/- (P.Y. ₹ 1,536,273/-) on account of the above defined contribution scheme.

(b) **Defined Benefit Plan:** The Company makes annual contribution of Gratuity to Sova Ispat Ltd. Employees Gratuity Fund, a scheme created for the purpose of qualifying employees maintained by TATA AIA Life Insurance Company Limited. The scheme provides for a lump sum payment to vested employees upon retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service, subject to maximum of ₹ 1,000,000/-. Vesting of gratuity occurs upon completion of 5 years of service.

(c) The present value of defined obligation and related current cost are measured using the Projected Unit Credit Method with actuarial valuation being carried out at Balance Sheet date.

(Amount in ₹)

| GRATUITY (FUNDED) | | 2016-17 | 2015-16 |
|-------------------|---|-----------|-------------|
| A) | Components of Employer Expenses | | |
| 1 | Current Service Cost | 2,310,890 | 2,043,096 |
| 2 | Interest Cost | 353,183 | 278,578 |
| 3 | Expected Return of Asset | (107,094) | (213,231) |
| 4 | Actuarial (Gain)/ Loss | 935,151 | (1,434,039) |
| | Total Expenses recognized in the Statement of Profit & Loss | 3,492,130 | 674,404 |



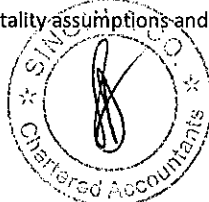
Shyam Steel Manufacturing Limited
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Notes on Financial Statements as at and for the Year ended 31st March, 2017

| | | (Amount in ₹) | | | |
|--|--|--|--|-------------|-------------|
| GRATUITY (FUNDED) | | 2016-17 | 2015-16 | | |
| B) | Net Asset/ (Liability) recognized in the Balance Sheet | | | | |
| 1 | Present Value of Defined Benefit Obligation | 7,650,242 | 4,473,862 | | |
| 2 | Fair Value of Plan Assets | 1,413,254 | 1,428,947 | | |
| 3 | Funded Status [Surplus/ (Deficit)] | (6,236,988) | (3,044,915) | | |
| | Net Asset/ (Liability) recognized in the Balance Sheet | (6,236,988) | (3,044,915) | | |
| | -Current | (6,236,988) | (3,044,915) | | |
| | -Non-Current | - | - | | |
| C) | Change in Defined Benefit Obligation | | | | |
| 1 | Present Value of Defined Benefit Obligation at the beginning of the year | 4,473,862 | 3,706,483 | | |
| 2 | Current Service Cost | 2,310,890 | 2,043,096 | | |
| 3 | Interest Cost | 353,183 | 278,578 | | |
| 4 | Actuarial (Gain)/ Loss | 812,364 | (1,434,039) | | |
| 5 | Benefits Paid | (300,057) | (120,256) | | |
| 6 | Present Value of Defined Benefit Obligation at the end of the year | 7,650,242 | 4,473,862 | | |
| D) | Change in Fair Value of Assets | | | | |
| 1 | Plan Assets at the beginning of the year | 1,428,947 | 1,215,716 | | |
| 2 | Expected Return on Plan Assets | 107,094 | 213,231 | | |
| 3 | Actuarial Gain/ (Loss) | (122,787) | - | | |
| 4 | Actual Company Contribution | - | - | | |
| 5 | Benefits Paid | - | - | | |
| 6 | Plan Assets at the end of the year | 1,413,254 | 1,428,947 | | |
| 7 | Actual Return on Plan Assets | (15,693) | 213,231 | | |
| E) | Principal Actuarial Assumptions | | | | |
| | Rate of Discounting | 7.50% p.a. | 7.90% p.a. | | |
| | Expected Salary Increase Rate | 7.00% p.a. | 7.00% p.a. | | |
| | Expected Rate of Return on Plan Assets | 7.50% p.a. | 7.90% p.a. | | |
| | Withdrawal Rate | 2% to 1%, depending on the age and length of service | 2% to 1%, depending on the age and length of service | | |
| | Mortality Rates | IALM (2006-08) Ultimate Tables | IALM (2006-08) Ultimate Tables | | |
| | Major Category of Plan Assets | | | | |
| | -Funds Managed by the Insurer | 100% | 100% | | |
| F) Assets and Liability (Balance Sheet Position) | | | | | |
| Particulars | As on | | | | |
| | 31-Mar-13 | 31-Mar-14 | 31-Mar-15 | 31-Mar-16 | 31-Mar-17 |
| Present Value of Obligation | - | 2,149,024 | 3,706,483 | 4,473,862 | 7,650,242 |
| Fair Value of Plan Assets | - | 1,110,765 | 1,215,716 | 1,428,947 | 1,413,254 |
| Unrecognized Past Service Cost | - | - | - | - | - |
| Effects of Asset Celling | - | - | - | - | - |
| Net Asset / (Liability) | - | (1,038,259) | (2,490,767) | (3,044,915) | (6,236,988) |
| G) Experience adjustments on Present Value of Benefit Obligation and Plan Assets | | | | | |
| Particulars | For the period ending | | | | |
| | 31-Mar-13 | 31-Mar-14 | 31-Mar-15 | 31-Mar-16 | 31-Mar-17 |
| (Gain) / Loss on Plan Liabilities | - | - | - | (1,111,606) | 7,650,242 |
| % of Opening Plan Liabilities | - | - | - | -30.0% | 7% |
| (Gain) / Loss on Plan Assets | - | - | - | - | 177,270 |
| % of Opening Plan Assets | - | - | - | - | 12.4% |

- (d) The estimates of future salary increase considered in actuarial valuation, takes into account factors like inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The actuary certifies the above information. In assessing the company's post-retirement liabilities, the Company monitors mortality assumptions and uses up to-date mortality tables.



Shyam Steel Manufacturing Limited
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Notes on Financial Statements as at and for the Year ended 31st March, 2017

- (iv) Disclosure of Segment Reporting as per Accounting Standard 17 as specified u/s 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014

The Company operates in two segments i.e., Iron & Steel and Cement. During the year, the cement business does not meet the condition/criteria laid down for determination of reportable segment as specified in Accounting Standard - 17 "Segment Reporting", accordingly the company operates in single reportable segment i.e., Iron & Steel only. Further the Company operates in two Geographical Segments i.e. in India and Outside. The disclosure requirement as per the standard for the Geographical Segments is as follows:

| Amount (in ₹) | | | |
|---------------|--------------------------------|-----------------|-----------------|
| (a) | Particulars | Within India | Outside India |
| | Revenue by Geographical Market | 3,008,168,973 | 1,764,891,242 |
| | | (3,044,272,744) | (486,772,344) |
| | | | (3,531,045,088) |

Note: Figure in brackets represents figure for previous year.

- (b) All the material segment assets are located in India. Hence, no further disclosure is required.
- (v) Related Party Disclosure in accordance with AS - 18 on "Related Party Disclosure" as specified u/s 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014 (As identified & certified by the Management)

| I | Name of the Related Parties | Relationship |
|-----|---|--|
| (a) | Entities Controlling the Company Shyamsteel Energy Private Limited Shyam Steel Industries Limited | Holding Company Ultimate Holding Company |
| (b) | Subsidiary & Fellow Subsidiary Shyam Mining Private Limited Vaikuntha Tradecom Private Limited | Subsidiary Wholly owned Subsidiary |
| (c) | Key Managerial Personnel(KMP) Mr. Lalit Beriwal Mr. Nikunj Beriwal Mr. Vinay Kumar Singh | Whole Time Director Whole Time Director and Chief Financial Officer Whole Time Director (w.e.f. 1st April, 2016) |

II Disclosure of Transaction between the company and related parties in the ordinary course of the business.

- (a) Ultimate Holding Company (Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|----------------------|---------------|---------------|
| Sale of Products | 1,296,774,565 | 1,699,987,334 |
| Purchase of Products | 4,403,711 | 4,356,516 |

- (b) Subsidiary Companies (Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|---------------------------------|-----------|---------|
| Investment made during the year | 1,110,000 | 525,000 |

- (c) Key Managerial Personnel (Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|-------------------------|------------|-----------|
| Directors' Remuneration | 12,177,897 | 3,750,000 |

III Disclosure of Balance outstanding as on Balance Sheet Date with related parties.

- (a) Ultimate Holding Company (Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|-----------------------------|-------------|---------------|
| Corporate Guarantee Taken | 952,482,716 | 1,209,182,063 |
| Commercial Advance Received | 283,446,769 | 243,721,334 |

- (b) Subsidiary Companies (Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|-------------|-----------|-----------|
| Investment | 2,790,000 | 1,680,000 |



Shyam Steel Manufacturing Limited
(Formerly Known as Sova Ispat Limited)

CIN No.: U28999WB1991PLC051823

Notes on Financial Statements as at and for the Year ended 31st March, 2017

- (vi) Earnings per Share as per Accounting Standard 20 as specified u/s 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014

| Particulars | 2016-17 | 2015-16 |
|---|-------------|-------------|
| (a) Profit/ (Loss) after Taxation as per accounts(₹) | 353,399,823 | 210,554,301 |
| (b) Profit/ (Loss) available to or borne by Equity Shareholders(₹) | 353,399,823 | 210,554,301 |
| (c) Adjusted Profit/ (Loss) after Taxation as per accounts(₹) | 354,055,323 | 211,209,801 |
| (d) Adjusted Profit/ (Loss) available to or borne by Equity Shareholders(₹) | 354,055,323 | 211,209,801 |
| (e) Weighted Avg. No. of Equity Share in calculating Basic EPS | 52,935,722 | 52,935,722 |
| (f) Weighted Avg. No. of Equity Share in calculating Diluted EPS* | 55,970,388 | 56,741,398 |
| (g) Nominal Value per Shares (₹) | 10 | 10 |
| (h) Basic EPS (₹) (b/e) | 6.68 | 3.98 |
| (e) Diluted EPS (₹) (d/f) | 6.33 | 3.72 |

* As the conversion ratio of Fully Convertible Debentures has not been defined in the scheme of issue, accordingly, for the purpose of calculation of Dilutive effect on weighted average number of equity shares, the ratio has been taken as Book Value as at the reporting date.

- (vii) As per the requirements of Accounting Standard -28 on "Impairment of Assets", the company has assessed the carrying amount of the assets vis-a-vis their recoverable values and no further impairment, apart from the one provided in earlier years, is envisaged as at the balance sheet date.

(viii) Derivative Instruments

The Company uses forward exchange contracts to hedge its exposure in foreign currency related to firm commitments and highly probable forecasted transactions. The information on derivative instruments is as follows:

- (a) Forward Exchange contracts outstanding as at year end:

(Amount in \$)

| Particulars | | As at 31 st March, 2017 | | As at 31 st March, 2016 | |
|-------------|----------------|------------------------------------|---------|------------------------------------|------|
| Currency | Cross Currency | Buy | Sell | Buy | Sell |
| US Dollar | Indian Rupee | 12,211,410 | 761,506 | 10,992,978 | - |

- (b) Unhedged foreign currency exposures as at 31.03.2016 are as under:

| Particulars | | As at 31 st March, 2017 | | As at 31 st March, 2016 | |
|--------------------|----------|------------------------------------|-------------|------------------------------------|-------------|
| Particulars | Currency | Foreign Currency | Amount in ₹ | Foreign Currency | Amount in ₹ |
| Account Payable | USD | 1,589,055 | 101,858,458 | 58,760 | 3,923,374 |
| Account Receivable | USD | 2,600,904 | 166,717,946 | 8,995 | 598,348 |

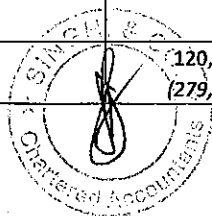
- (ix) Confirmations for the balances shown under long term and short term loan and advances, Trade Receivables, Advance from Customers, Current Liabilities, Trade Payables, Subsidy and Incentive Receivables and Other Current Assets have been sought from the respective parties and is in the process of receipt. Consequential adjustments, if any, shall be done on the receipt of the same. In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.

- (x) Details of Opening Stock, Sales and Closing Stock:

(Amount in ₹)

| Particulars | Opening Stock | Sales | Closing Stock |
|------------------------|--|--|--|
| Manufacturing Products | | | |
| Sponge Iron | 24,359,308 (9,590,938) | 254,556,012 (1,812,205,771) | 35,743,259 (24,359,308) |
| Silicon Manganese | 31,606,470 (13,468,366) | 535,281,916 (808,469,377) | 38,527,776 (31,606,470) |
| Billets | 25,580,569 - | 3,752,568,440 (439,785,509) | 41,167,485 (25,580,569) |
| Coal (For Captive Use) | 37,763,331 (253,581,559) | - - | 16,604,118 (37,763,331) |
| Others | 1,318,584 (2,709,459) | 284,513 (3,286,238) | 1,147,334 (1,318,584) |
| Store Spares | - - | 250,737 (251,944) | - - |
| Raw Material | - - | 1,704,568 (45,651,784) | - - |
| Total | 120,628,262 (279,350,322) | 4,544,646,186 (3,109,650,623) | 133,189,972 (120,628,262) |

Note: Figure in brackets represents figure for previous year.



Shyam Steel Manufacturing Limited
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(xi) Details of Consumption of Raw Material:

(Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|-------------------------------|----------------------|----------------------|
| Iron ore / Iron ore pellet | 921,334,822 | 1,180,948,395 |
| Coal | 651,408,880 | 260,443,737 |
| Dolomite | 18,981,324 | 7,415,066 |
| Sponge/pig iron/ scrap | 772,152,834 | 83,060,227 |
| Manganese Ore | 218,908,606 | 359,402,385 |
| Ferro Manganese Slag | 23,262,467 | 10,325,772 |
| Lam Coke /Pearl coke/Nut coke | 80,054,855 | 134,832,153 |
| Others | 14,836,717 | 13,261,868 |
| | 2,700,940,505 | 2,049,689,603 |

(xii) Export sales made during the year :

(Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|-------------------------------|---------------|-------------|
| F. O. B. Value of Export Sale | 1,764,891,242 | 486,772,344 |

(xiii) C.I.F value of Imports, Expenditure and Earnings in Foreign Currency :

(Amount in ₹)

| Particulars | 2016-17 | 2015-16 |
|--|-------------|-------------|
| Value of Imports on C.I.F Basis | | |
| Raw Materials | 854,152,953 | 263,251,082 |
| Stores | 2,250,119 | 445,006 |
| Expenditure in Foreign Currency | | |
| Interest Expenses | 21,741,384 | 22,210,951 |
| Bank Charges | 702,884 | 150,135 |
| others | 5,585,587 | 1,733,495 |

(xiv) Imported and Indigenous Raw Material & Components, Stores and Spare Parts consumption

| Particulars | 2016-17 | | 2015-16 | |
|---|---------|----------------------|---------|----------------------|
| | % | Amount (₹) | % | Amount (₹) |
| (a) Raw Materials | | | | |
| Indigenous | 74.09% | 2,001,168,265 | 82.01% | 1,680,857,036 |
| Imported | 25.91% | 699,772,240 | 17.99% | 368,832,567 |
| | 100.00% | 2,700,940,505 | 100.00% | 2,049,689,603 |
| (b) Components, Stores and Spare Parts | | | | |
| Indigenous | 98.41% | 128,278,616 | 99.68% | 98,476,852 |
| Imported | 1.59% | 2,068,038 | 0.32% | 317,291 |
| | 100.00% | 130,346,654 | 100.00% | 98,794,143 |

(xv) Detailed of Specified bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the table below :-

(Amount in ₹)

| Particulars | SBNs | Other Denomination Notes | Total |
|---------------------------------------|-----------|--------------------------|-----------|
| Closing cash in Hand as on 08.11.2016 | 3,000,000 | 658,063 | 3,658,063 |
| Add: Permitted Receipts | - | 1,130,000 | 1,130,000 |
| Less: Permitted Payments | - | 780,956 | 780,956 |
| Less: Amount deposited in Banks | 3,000,000 | - | 3,000,000 |
| Closing Cash in Hand as on 30.12.2016 | - | 1,007,107 | 1,007,107 |



Shyam Steel Manufacturing Limited'
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Notes on Financial Statements as at and for the Year ended 31st March, 2017

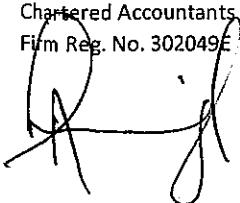
- (xvi) Comparative financial information (i.e. the amounts and other disclosure for the preceding year) presented above, is included as an integral part of the current year's financial statements, and is to be read in relation to the amounts and other disclosures relating to the current year. Figures of the previous year are regrouped and reclassified wherever necessary to correspond to figures of the current year.

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. 302049E



ANURAG SINGHI

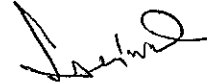
Partner

Membership No. 066274

Place: Kolkata

Dated: the 24th day of July, 2017

For and on behalf of the Board



LALIT BERIWALA

Whole Time Director

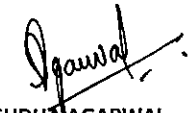
DIN No.: 00006198



NIKUNJ BERIWAL

Whole Time Director
& Chief Financial Officer

DIN No.: 00529975



SUDHA AGARWAL

Company Secretary

