

41st
ANNUAL REPORT
2014-15



MODERN STEELS LIMITED

BOARD OF DIRECTORS

Chairman & Whole Time Director
Mr. Amarjit Goyal

Managing Director
Mr. Krishan Kumar Goyal

Mr. D.S. Gill
Prof. Priyavrat Thareja
Dr. Lalit K. Bansal
Dr. Meena Sharma
Mr. D.K. Gupta- Nominee Director
Mr. P.L. Talwar- Whole Time Director
Mr. R.K. Sinha- Director (Operations)

GM (SECRETARIAL) & COMPANY SECRETARY

Mr. Ashish Sharma

AUDITORS

M/s. Aaryaa & Associates
Chartered Accountants

BANKERS

State Bank of India
Punjab National Bank
State Bank of Patiala
Canara Bank

CORPORATE OFFICE

SCO 98-99, Sub City Centre,
Sector 34, Chandigarh-160 022, India

REGISTERED OFFICE

G.T. Road, Mandi Gobindgarh,
Distt. Fategarh Sahib, Punjab - 147 301, India

REGISTRARS & SHARE TRANSFER AGENTS

M/s. MCS Share Transfer Agent Limited
F-65, First Floor, Okhla Industrial Area, Phase 1,
New Delhi-110 020

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NOTICE OF 41ST ANNUAL GENERAL MEETING

NOTICE

Notice is hereby given that the 41st Annual General Meeting of the members of Modern Steels Limited will be held on Saturday, the 26th September, 2015 at 11.00 a.m. at the Registered Office of the Company at G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab - 147 301 to transact the following business:-

AS ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2015, the Statement of Profit & Loss of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Krishan Kumar Goyal (DIN: 00482035), who retires by rotation at this Annual General Meeting and being eligible has offered himself for re-appointment.
3. To ratify the appointment and payment of remuneration to Statutory Auditors for the financial year 2015-16 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to provisions of Section 139 and such other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, as amended from time to time and pursuant to the resolution passed by the members at the 40th Annual General Meeting (AGM) held on 29th September, 2014 in respect of appointment of the Statutory Auditors, M/s. Aaryaa & Associates, Chartered Accountants (ICAI Firm's Registration No. 015935N), till the conclusion of the AGM to be held in the year 2019, the Company hereby ratifies and confirms the appointment of M/s. Aaryaa & Associates, Chartered Accountants (ICAI Firm's Registration No. 015935N) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company to be held in the year 2016 to examine and audit the accounts of the Company for the financial year 2015-16 on such remuneration as may be fixed by the Board of Directors of the Company."

AS SPECIAL BUSINESS:

4. To appoint Mr. R.K. Sinha (DIN: 00556694) as Director of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. R.K. Sinha (DIN: 00556694), who was appointed as Additional Director of the Company by the Board of Directors in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who holds office upto the date of this AGM, be and is hereby appointed as Director of the Company, whose term of office shall be liable to retire by rotation in terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company."

5. To appoint Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, 200 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to such other approvals as may be required, approval of the Company be and is hereby accorded to the appointment of Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company, for a period of 5 (five) years with effect from 28th May, 2015, on the terms and conditions including remuneration for a period of 3 years as set out in the Statement annexed to the Notice convening this Meeting and as approved by the Nomination and Remuneration Committee, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination & Remuneration Committee of the Board) to alter and vary the terms and conditions of the said appointment and / or remuneration as it may deem fit and as may be acceptable to Mr. R.K. Sinha, subject to the conformity with the provisions of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."



6. To appoint Dr. Meena Sharma (DIN: 07241589) as an Independent Non Executive Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment & Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Meena Sharma (DIN: 07241589), who was appointed as an Additional Independent Non Executive Director of the Company by the Board with effect from 16th July, 2015, and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who holds office until the date of this AGM and who has submitted a declaration that she meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for 3 (three) consecutive years commencing from 26th September, 2015.”

7. To approve the material related party transactions with Modern Automotives Limited and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 read with the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the provisions of revised Clause 49 of the Listing Agreement, approval of the Company be and is hereby accorded to the Board of Directors, to enter into contracts/arrangements/ transactions with Modern Automotives Limited, a Related Party under Section 2(76) of the Companies Act, 2013 and Clause 49(VII)(B)(2) of the Listing Agreement related to sale / purchase of products, goods, materials or services subject to a maximum aggregate transactions of ₹ 60 crores in a financial year on such terms and conditions as may be mutually agreed between the Company and Modern Automotives Limited, at arms length basis and at prevailing market prices.

RESOLVED FURTHER THAT the Board of Directors/Key Managerial Personnel be and are hereby authorized to decide upon the nature and value of the products, goods, materials or services to be transacted with Modern Automotives Limited, within the aforesaid limit.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or a Committee thereof and/ or Key Managerial Personnel, be and is hereby, authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to any transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

8. To ratify the remuneration of the Cost Auditors for the financial year ending 31st March, 2016 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time and such other permissions as may be necessary, the Members hereby ratify the remuneration of ₹ 70,000/- plus service tax and out of pocket expenses payable to M/s. V. Kumar & Associates, Cost Accountants, who were appointed by the Board of Directors of the Company to conduct the audit of the Cost records of the Company for the Financial Year ending 31st March, 2016.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

By order of the Board of Directors

Place : Chandigarh
Dated: 10th August, 2015

Ashish Sharma
GM (Secretarial) &
Company Secretary

Registered Office:

G.T. Road, Mandi Gobindgarh,
Distt. Fatehgarh Sahib, Punjab -147 301
CIN: L27109PB1973PLC003358
Email: secretarial@modernsteels.com

NOTICE OF 41ST ANNUAL GENERAL MEETING

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, is annexed hereto.
4. A Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
6. Members who wish to obtain any information on the Company or view the Accounts for the financial year ended 31st March, 2015, may send their queries at least 10 days before the Annual General Meeting to the Company Secretary at Company's Office at SCO 98-99, Sub-City Centre, Sector 34, Chandigarh-160 022.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2015 to 26th September, 2015 (both days inclusive).
8. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their addresses, bank details, mandate etc., to their respective Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better services to the members.
The Members holding shares in physical form are requested to intimate immediately change of address, if any, to the Company's Registrar and Transfer Agent.
9. As per the provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Agreement, the Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. Shareholders who have not registered their e-mail address with the Company can now register the same by submitting duly filled-in 'E-Communication Registration Form' attached at the end of this report (also available on our website www.modernsteels.com), with MCS Share Transfer Agent Limited / Investors Service Department of the Company. The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only.
Even after registering for e-communication the Shareholders of the Company are entitled to receive such communication in physical form, upon request.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or M/s. MCS Share Transfer Agent Limited.
11. Soft copy of the Annual Report for the financial year 2014-2015 is being sent to all the members, whose email IDs are registered with the Company/Depository Participants(s) for communication purposes. For members who have not registered their email address, physical copies of the Annual Report for the financial year 2014-15 is being sent in the permitted mode.
12. Soft copy of the Notice of the 41st Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 41st Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.



13. Members may also note that the Notice of the 41st Annual General Meeting and the Annual Report for the financial year 2014-15 will also be available on the Company's website www.modernsteels.com for their download. For any communication, the members may also send requests at email ID: secretarial@modernsteels.com.
14. Procedure for "Remote E-Voting"
Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide Members facility to exercise their right to vote on resolutions proposed to be considered at the 41st Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-voting Services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- I. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- II. The remote e-voting period commences on Wednesday, the 23rd September, 2015 (9.00 a.m.) and ends on Friday, the 25th September, 2015 (5.00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently.
- A. In case a Member receives an email from NSDL:**
- i) Open email and open PDF file, viz; "Modernsteels e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that this password is an initial password.
 - ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
 - iii) Click on Shareholder – Login
 - iv) Put user ID and password as initial password noted in step (i) above. Click Login.
 - v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) Home page of "e-voting" opens. Click on "e-Voting: Active Voting Cycles".
 - vii) Select "EVEN" of Modern Steels Limited.
 - viii) Now you are ready for "e-voting" as "Cast Vote" page opens.
 - ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - xi) Institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies), who are authorized to vote, to the Scrutinizer through e-mail to sharmasarinassociate@yahoo.com or secretarial@modernsteels.com with a copy marked to evoting@nsdl.co.in.
 - xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
- B. In case a Member receives physical copy of the Notice of AGM:**
- i) Initial User ID and Password is provided with the copy of this notice in separate slip.
 - ii) Please follow all steps from Sl. No. A(ii) to Sl. No. A(xi) above, to cast vote.
- III. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloads section of www.evoting.nsdl.com
- IV. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- V. You can also update your mobile number and e-mail ID in the user profile details of the folio, which may be used for sending future communication(s).
- VI. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i.e. 19th September, 2015.
- VII. Mr. Gurvinder Singh Sarin, MFC, LLB, FCS, Practicing Company Secretary (Membership No. FCS 4025) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

NOTICE OF 41ST ANNUAL GENERAL MEETING

- VIII. The scrutiniser shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in the favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- IX. The Chairman or a person authorised by him in writing shall declare the result of the voting forthwith. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.modernsteels.com and on the website of NSDL and communicated to the BSE Limited.
15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection, at the Registered Office of the Company, during normal business hours (9:00 AM to 5:00 PM) on all working days (except on public holidays), upto the date of the Annual General Meeting.

By order of the Board of Directors

Place : Chandigarh
Dated: 10th August, 2015

Ashish Sharma
GM (Secretarial) &
Company Secretary

Registered Office:

G.T. Road, Mandi Gobindgarh,
Distt. Fatehgarh Sahib, Punjab -147 301
CIN: L27109PB1973PLC003358
Email: secretarial@modernsteels.com

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

ITEM NOS. 4 & 5

Mr. R.K. Sinha was appointed as Additional Director designated as Director (Operations) of the Company by the Board of Directors of the Company w.e.f. 28th May, 2015 for a period of 5 years in terms of the provisions of Section 161 of the Companies Act, 2013, liable to retire by rotation at a remuneration by way of salary, perquisites and commission recommended by the Nomination & Remuneration by Committee of the Directors and approved by the Board for a period of 3 years as given herein below:

TERMS & CONDITIONS:

1. SALARY:
₹ 2,00,000 (Rupees Two Lacs Only) per month.
2. PERQUISITES:
 - i) Free residential accommodation to be provided by the Company.
 - ii) Provident Fund: Contribution towards Superannuation Fund and Provident Fund shall be as per rules of the Company.
 - iii) Leave: As per the rules of the Company but not exceeding one month's leave with full salary for every 11 months of service.
 - iv) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family subject to a ceiling of one month salary, as per rules of the Company.
 - v) Car: Free use of Company's car for official purposes along with driver.
 - vi) Telephone / telefax: Telephone, telefax and other communication facilities at Company's cost.
 - vii) Insurance: Cost of insurance cover against the risk of any financial liability or loss because of any error of judgment, as may be approved by the Board of Directors from time to time.

Mr. R.K. Sinha may be given any other allowances, perquisites and facilities as the Board of Directors may decide from time to time.

The terms and conditions can be varied with mutual agreement of both parties subject however to the stipulation that the changes should be in conformity with the provisions of the Companies Act, 2013 read with Schedule V or any amendment thereof.

3. MINIMUM REMUNERATION:

In the event of loss or inadequacy of profits in any financial year during the tenure of appointment, Mr. R.K. Sinha shall, subject to the approval of the Central Government, if required, be paid remuneration by way of salary and perquisites as set out above, as minimum remuneration, subject to restrictions, if any, set out in schedule V of the Companies Act, 2013, from time to time.

Mr. R.K. Sinha satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

The above may be treated as a written memorandum setting out the terms of appointment of Mr. R.K. Sinha under Section 190 of the Companies Act, 2013.



Brief resume of Mr. R.K. Sinha, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided as a part of this notice.

The Documents referred herewith and explanatory statement are open for inspection by any member at the registered office of the Company during business hours on any working day of the Company upto and including the date of meeting.

None of the Directors except Mr. R.K. Sinha is in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item Nos. 4 & 5 of the Notice.

The relatives of Mr. R.K. Sinha may be deemed to be interested in the resolutions set out respectively at Item Nos. 4 & 5 of the Notice, to the extent of their shareholding interest, if any, in the Company.

The Board commends the Resolutions set out at Item Nos. 4 & 5 of the Notice for approval by the shareholders.

ITEM NO. 6

The Board of Directors appointed Dr. Meena Sharma (DIN: 07241589) as Additional Non Executive Independent Director of the Company, pursuant to Section 161 of the Companies Act, 2013 and other applicable provisions, if any and also the provisions of Articles of Association of the Company.

In terms of Section 149 read with Clause No. 49 (II)(A) (1) of the Listing Agreement, every listed Company is required to appoint an Independent Woman Director. Further Section 149(10) of the Companies Act, 2013 provides that the Independent Directors shall hold office for a term upto 5 consecutive years and shall not be liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Companies Act, 2013.

Dr. Meena Sharma is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and has given her consent to act as Director.

The Company has received notice in writing from member alongwith the deposit of requisite amount under Section 160 of the Companies Act, 2013 proposing the candidature of Dr. Meena Sharma for the office of Director of the Company.

The Company has also received declaration from Dr. Meena Sharma that she meets the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Dr. Meena Sharma fulfills the conditions for appointment as Independent Director as specified in the Companies Act, 2013 and the Listing Agreement. Dr. Meena Sharma is independent of the management of the Company.

Copy of the draft letter for appointment of Dr. Meena Sharma as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Brief resume of Dr. Meena Sharma, nature of her expertise in specific functional areas and names of companies in which she holds directorships and memberships / chairmanships of Board Committees, shareholding as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are provided as a part of notice.

Dr. Meena Sharma is interested in the resolutions set out at Item No. 6 of the Notice with regard to her appointment.

The relatives of Dr. Meena Sharma may be deemed to be interested in the resolutions set out at Item No. 6 of the Notice, to the extent of their shareholding interest, if any, in the Company.

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

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

ITEM NO. 7

Modern Automotives Limited is a related party within the meaning of Section 2(76) of the Companies Act, 2013 and Clause 49 – VII (B) (2) of the Listing Agreement of the Company.

The Audit Committee of Directors and the Board of Directors of the Company in their meetings held on 28th May, 2015 approved the related party transactions with Modern Automotives Limited for sale, purchase of goods and to provide / avail services to / from Modern Automotives Limited, a related party, subject to a maximum aggregate transactions of ₹ 60 crores in a financial year. Under the provisions of revised Listing Agreement entered into with the stock Exchanges, a transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company. The clause further provides that all Material Related Party Transactions shall require approval of the shareholders

NOTICE OF 41ST ANNUAL GENERAL MEETING

through special resolution. Since the transactions with Modern Automotives Limited are estimated to be upto ₹ 60 crores in a financial year, which exceeds 10% of the annual consolidated turnover of the Company as per the audited financial statement as on 31st March, 2015, the transactions are required to be approved by the shareholders as a Special Resolution. The said transactions are in the ordinary course of business of the Company and at arms length basis.

Other details as required as per the Companies (Meetings of Board and its Powers) Rules, 2014.

- (a) Name of Related Party: Modern Automotives Limited .
- (b) Name of Director or Key Managerial Personnel who is related: Mr. Amarjit Goyal, Chairman & Whole Time Director and Mr. Krishan Kumar Goyal, Managing Director of the Company.
- (c) Nature of relationship: Related Party.
- (d) Material Terms of contracts/arrangements/ transactions: Sale of finished goods / purchase of raw material i.e. scrap on arms length basis.
- (e) Monetary value: Estimated amount ₹ 60 crores in a financial year.
- (f) Any other information relevant or important for the members to make a decision on proposed transaction: Nil

The copies of contract setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Accordingly, consent of the members is sought for passing the Special Resolution as set out at Item No. 7 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives except Mr. Amarjit Goyal and Mr. Krishan Kumar Goyal along with their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 7 of the Notice.

The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

ITEM NO. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016 subject to the ratification of the remuneration payable to the Cost Auditors by the shareholders of the Company in accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2016.

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

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

By order of the Board of Directors

Place : Chandigarh
Dated: 10th August, 2015

Ashish Sharma
GM (Secretarial) &
Company Secretary

Registered Office:

G.T. Road, Mandi Gobindgarh,
Distt. Fatehgarh Sahib, Punjab -147 301
CIN: L27109PB1973PLC003358
Email: secretarial@modernsteels.com

**INFORMATION REGARDING DETAILS OF THE DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN ANNUAL GENERAL MEETING FIXED ON 26TH SEPTEMBER, 2015 PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

1. Name of the Director : Mr. Krishan Kumar Goyal

Date of Birth : 06.09.1956

Date of Appointment : 02.10.1978

Expertise in specific functional area : Mr. Krishan Kumar Goyal, aged 58 years, is a Commerce & Law graduate. He is energetic and dynamic person. He has a vast experience in manufacturing industry and is well versed with the modern management practices. He is also CMD of Modern Dairies Limited.

He has served many positions including Chairman, CII Chandigarh Council (NR) from 2003-2006. He has also served as member of Board of Governors, Punjab Engineering College, Chandigarh.

Qualification : B.Com, LLB.

List of outside Directorships held :

- i) Modern Dairies Limited
- ii) PHI Business Solutions Limited
- iii) Chandigarh Finance Pvt. Ltd.
- iv) Bharat Forgings Pvt. Ltd.

Chairman/Member of the Committee of the Board of Directors of the Company : Nil

Chairman/Member of the Committee of Directors of other Companies : Nil

Shareholding in the Company : As on 31st March 2015, Mr. Krishan Kumar Goyal is holding 24,96,179 Equity Shares of the Company.

2. Name of the Director : Mr. R.K. Sinha

Date of Birth : 18.02.1957

Date of Appointment : 28.05.2015

Expertise in specific functional area : Mr. R.K. Sinha having a vast experience of more than 3 decades in iron and steel manufacturing industry, worked with Companies like Usha Martin Industries Limited, Sunflag Iron & Steel Co., in addition Mr. Sinha has worked with Modern Steels Limited from July 1998 till May 2007.

Qualification : B.E. (Metallurgy), M.Tech (Ferrous Metallurgy), PGDBM, besides he has Fellowship in Management from Management Student Promotion Institute (MSPi), Delhi.

List of outside Directorships held : Nil

Chairman/Member of the Committee of the Board of Directors of the Company :

- Audit Committee – Member
- Banking & Finance Committee – Chairman
- Allotment Committee – Chairman

Chairman/Member of the Committee of Directors of other Companies : Nil

Shareholding in the Company : As on 31st March, 2015, Mr. R.K. Sinha is holding Nil equity shares in the Company.

3. Name of the Director : Dr. Meena Sharma

Date of Birth : 16.03.1968

Date of Appointment : 16.07.2015

Expertise in specific functional area : Dr. Meena Sharma is a Professor at Panjab University having around 23 years of experience. Her area of specialization is Accounting and Finance. She is a Life member of Indian Commerce Association and Chandigarh Management Association.

Qualification : M. Com. Ph.D

List of outside Directorships held : Nil

Chairman/Member of the Committee of the Board of Directors of the Company : Nil

Chairman/Member of the Committee of Directors of other Companies : Nil

Shareholding in the Company : As on 31st March, 2015, Dr. Meena Sharma is holding Nil equity shares in the Company.

NOTICE OF 41ST ANNUAL GENERAL MEETING

STATEMENT OF PARTICULARS (ITEM NO. 5)

(Pursuant to Schedule –V of the Companies Act, 2013)

I. General Information:						
(1)	Nature of industry	Modern Steels Ltd is manufacturing Special & Alloy Steel, supplying Special Alloy Steel, Hot Rolled Bars for Engineering, Automotive, Bearing and Allied Industries.				
(2)	Date or expected date of commencement of commercial production	19 th November, 1973				
(3)	In case of new companies, expected date of commencement of activities as per project approved by the financial institute appearing in the prospectus. N.A					
(4)	Financial performance based on given indicators	(₹ in Lacs)				
		2014-15	2013-14	2012-13	2011-12	
		Sales and other Income	32447	26677	26597	34137
		Prior period expenses/(Income)	2	(5)	(4)	12
		Profit before Depreciation, Interest & Finance Charges and Tax but after Prior Period Items	1246	893	139	937
		Depreciation / Amortization	583	467	468	441
		Interest and Finance Charges	2503	1983	1678	1923
		Profit / (Loss) before Exceptional items Tax	(1840)	(1557)	(2007)	(1427)
(5)	Foreign investments or collaborators, if any	Nil				
II. Information about the appointee: Mr. R.K. Sinha						
(1)	Background details & Recognition or awards	Mr. R.K. Sinha having a vast experience of more than 3 decades in iron and steel manufacturing industry, worked with Companies like Usha Martin Industries Limited, Sunflag Iron & Steel Co., in addition Mr. Sinha has worked with Modern Steels Limited from July 1998 till May 2007. Mr. R.K. Sinha is appointed Additional Director designated as Director (Operations) w.e.f. 28 th May, 2015.				
(2)	Past remuneration	Mr. R.K. Sinha has not withdrawn any remuneration in the previous years.				
(3)	Job profile and his suitability	Mr. R.K. Sinha is responsible for the overall operations of the plant of the Company under the supervision and control of Board of Directors of the Company and reports to the Managing Director.				
(4)	Remuneration proposed	₹ 2,00,000 per month plus perquisites.				
(5)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	The remuneration of the appointee, Mr. R.K. Sinha is fully justifiable and comparable to that prevailing in the industry, keeping in view the profile and the position of Whole Time Director and enriched knowledge & vast experience of the appointee. He shall be looking after and responsible for the overall operations of the plant of the Company under the supervision of the Board of Directors of the Company.				



(6)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr. R.K. Sinha is an Executive Director of the Company.
-----	--	---

III Other information:

(1)	Reasons of loss or inadequate profits	<p>During the fiscal 2011-2012, the Company witnessed continuous rise in cost of its all major Raw Materials/Inputs. The overall demand of automotive steels was lower due to turmoil in the global market & slowdown in the domestic economy, which impacted the sales performance. Due to stiff competition, the Company could not pass its increased cost to its customers. This resulted into lower sales volume & financial losses.</p> <p>In fiscal 2012-2013, domestic steel industry continued to remain under stress. Weak price trend coupled with slow demand growth ruled out any improvement in the operating profitability of steel manufacturers which impacted performance of the Company. Due to stiff competition from Alloy Steel Manufacturers (Blast Furnace Route), having captive Iron Ore & Coal Mines and slowdown in demand in the western world, the losses of the Company increased.</p> <p>The fiscal 2013-2014 continued to witness slowdown in the domestic automobile and consumer durable market. It adversely affected the demand of alloy steel sector which caters to this segment and remained under stress. The input cost of raw material continued to increase during the year and could not be passed onto the consumer. The high interest rate and liquidity position in market impacted the sector.</p>
(2)	Steps taken or proposed to be taken for improvement	<p>The Company has further strengthened its relationship with auto majors by developing grades for localization of Alloy Steels for critical applications and has gone for further value addition of its products by adding facilities of forging and machining for manufacture of auto components. The Company has added facilities of Ingot Casting for diversifying its product range and has added heat treatment facility.</p> <p>The fact of the cancellation of allotment of mines to blast furnace steel producers coupled with decline in the raw material prices of scrap augurs well for the secondary steel producers.</p>
(3)	Expected increase in productivity and profits in measurable terms.	<p>As is clear from the above, the Company on its way of success is passing through a difficult time and it requires more efforts on the part of the Executive Directors of the Company to take the Company forward on its journey to success.</p> <p>The management has adopted focused business strategies in all spheres of functions to improve the sales and profitability of the Company. Considering the present business scenario, the Company is expecting increase in revenue and better results in the years to come.</p>

IV. Disclosures

The detail of remuneration and other information is given in the Corporate Governance part of the Directors Report. Mr. R.K. Sinha was appointed Director (Operations) w.e.f. 28th May, 2015, accordingly no remuneration was paid to him during the financial year 2014-2015.

MODERN STEELS LIMITED

CIN: L27109PB1973PLC003358

Registered Office: G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301

Email: secretarial@modernsteels.com, **Website:** www.modernsteels.com

Phone: (0172) 2609001/2, **Fax:** (0172) 2609000

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholder,

In case you have not registered your email address for receiving communication from Company in electronic mode, you may submit the Registration Form given herein below to the Share Transfer Agents namely M/s. MCS Share Transfer Agent Limited, F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020 or to the Company at its office at Modern Steels Limited, S.C.O. 98-99, Sub City Centre, Sector 34, Chandigarh-160 022. Shareholders holding shares in demat mode are requested to register their email addresses with their Depository Participants.

E-COMMUNICATION REGISTRATION FORM

(As per the provisions of the Companies Act, 2013 and the rules made thereunder and the Listing Agreement)

Folio No. / DP ID & Client ID :

Name of 1st Registered Holder :

Name of Joint Holder(s) :
.....
.....
.....

Registered Address :
.....
.....
.....

E-mail ID (to be registered) :

I/we shareholder(s) of Modern Steels Limited agree to receive communication from the Company in electronic mode. Please register my/our above e-mail id in your records for sending communication through e-mail.

Signature:

Date:

Note : Shareholder(s) are requested to keep the Company / Depository Participant informed as and when there is any change in the e-mail address.



ATTENDANCE SLIP

MODERN STEELS LIMITED

CIN: L27109PB1973PLC003358

Registered Office: G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301

Email: secretarial@modernsteels.com, **Website:** www.modernsteels.com

Phone: (0172) 2609001/2, **Fax:** (0172) 2609000

41ST ANNUAL GENERAL MEETING

Member's / Proxy's name in Block Letters _____

Address _____

No. of Shares held _____

I / We hereby record my/our presence at the 41st Annual General Meeting of the Company held on Saturday, the 26th September, 2015 at 11 a.m. at the Registered Office of the Company at G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301.

Member's Folio / DP ID-Client ID No.

Member's/Proxy's signatures

Note:

1. Please complete the Attendance Slip and handover at the entrance of the Meeting venue.
2. Soft copy of the Annual Report for FY 2014-15 and the Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Depository Participant through email only unless any member has requested for a hard copy of the same. Members receiving soft copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Notice of the Annual General Meeting along with the Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or who have requested for a hard copy and copy of the Annual Report for 2014-15 is being sent separately.
4. Shareholders are requested to bring their copy of the Notice alongwith them at the Annual General Meeting as the copies of the same will not be distributed at the meeting.



NOTICE OF 41ST ANNUAL GENERAL MEETING

PROXY FORM

Form No. MGT-11

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

MODERN STEELS LIMITED

CIN: L27109PB1973PLC003358

Registered Office: G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301

Email: secretarial@modernsteels.com, **Website:** www.modernsteels.com

Phone: (0172) 2609001/2, **Fax:** (0172) 2609000

Name of the member(s): _____

Registered Address: _____

Email ID: _____

Folio No./Client ID/DPID: _____

I/We, being the member(s) of _____ holding _____ shares of above named Company, hereby appoint:-

1. Name: _____ Address: _____
Email ID: _____ Signature: _____ or failing him/her

2. Name: _____ Address: _____
Email ID: _____ Signature: _____ or failing him/her

3. Name: _____ Address: _____
Email ID: _____ Signature: _____

or my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the Company, to be held on **Saturday, the 26th September, 2015 at 11:00 a.m** at Registered Office: G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147301 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

- 1 Adoption of Audited Balance Sheet as at 31st March, 2015, Statement of Profit & Loss for the year ended on that date, and the Directors' and Auditors' Reports thereon.
- 2 Reappointment of Mr. Krishan Kumar Goyal (DIN: 00482035), who retires by rotation.
- 3 Ratification of appointment and remuneration of M/s. Aaryaa & Associates, Chartered Accountants, as Statutory Auditor.

Special Business

- 4 Appointment of Mr. R.K. Sinha (DIN: 00556694) as Director of the Company.
- 5 Appointment of Mr. R.K. Sinha (DIN: 00556694) as Director (Operations) of the Company.
- 6 Appointment of Dr. Meena Sharma (DIN: 07241589) as an Independent Director.
- 7 Approval of the material related party transactions with Modern Automotives Limited.
- 8 Ratification of remuneration of Cost Auditors for the financial year 2015-16.

Affix
revenue
stamp
₹ 1

Signed this ____ day of _____ 2015

Signature of Shareholder

Signature of Proxy holder(s)

Note:

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





DIRECTORS' REPORT

To
The Members
Modern Steels Limited

Dear Members,

Your Directors hereby present their 41st Annual Report and audited accounts of the Company for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

	Year Ended 31.03.2015	₹ in Lacs Year Ended 31.03.2014
Gross Sales	35660	29542
Excise Duty	3904	3228
Net Sales & Income from Operations	31756	26314
Operating Profit	1246	893
Finance Cost	2503	1984
Cash Profit / (Loss)	(1257)	(1091)
Depreciation & Amortisation	583	467
Profit / (Loss) before Tax	(1840)	(1558)
Profit / (Loss) after Tax	(1216)	(1067)

PERFORMANCE

During the year under review, in spite of being very challenging, the Company was able to achieve Gross Sales of ₹ 356.60 Crores as compared to ₹ 295.42 Crores in the previous year. This has also improved the operating profit of the Company for the year to ₹12.46 Crores as against ₹ 8.93 Crores previous year. But due to high interest cost there has been higher losses in the current year against the previous year.

DIVIDEND

Due to the present difficult financial position and the loss suffered by the Company, the Directors have not recommended any dividend for the year.

PRODUCT AND MARKET DEVELOPMENT

During the year the Company successfully commissioned and stabilized Auto Component Division along with Heat Treatment section. On the heavy Ingot segment also, higher size ingots have been incorporated. This has enabled the Company to enter into market of Oil & Gas and Wind Energy Segment towards our objective to value addition. Further the Company has also successfully developed new grades in the tool and die segment. The company has tested the market and expected to ramp up the volumes in near future.

FINANCIAL ASSISTANCE

The Company is in discussions with the Lenders to find out a workable solution to the present financial difficulties of the Company.

CURRENT OPERATIONS

During the first quarter, the Company has achieved Net Sales of ₹ 70.01 Crores as compared to ₹ 75.19 Crores in the same period, in the previous year. It has incurred net loss after deferred tax of ₹ 3.81 Crores as compared to loss of ₹ 2.14 Crores in the same period, previous year.

The Company has earned a good customer base in its special and alloy steel segment. The Company expects to improve volumes and profitability in near future.

KAIZEN & TS 16949 ACCREDITATION

Your Company's manufacturing facilities continue to maintain the prestigious TS 16949 certification by DNV Netherlands, a leading international Certification Company.

During the year, the Company continued implementation of Kaizen and 5'S' projects to come up to the expectations of major global OEMs.

SHARE CAPITAL

During the year the Company converted 11,70,000 Warrants of ₹ 100 each in 11,70,000 equity shares of face value ₹ 10 each at a price of ₹ 100 inclusive of premium of ₹ 90 per equity share (price being not less than the price calculated as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, to the persons from Promoters and Promoter Group, on receipt of entire consideration. The paid up capital of the Company as on 31st March, 2015 is ₹ 13.76 Crores.

FIXED DEPOSITS

The outstanding exempted deposits at the end of the year under review amount to ₹ 662.43 Lacs (Previous year ₹ 625.54 Lacs). There are no overdue deposits.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSIONS & ANALYSIS

A separate report on Corporate Governance and Management Discussions & Analysis is attached herewith and forms part of this report.

DIRECTORS

The Lead Bank SBI has nominated Mr. D.K. Gupta, retired Dy. General Manager of the Bank as its nominee on the Board of Directors of the Company vide its letter dated 11th November, 2014.

Mr. Aditya Goyal, Director of the Company resigned from the Board of Directors of the Company w.e.f. 14th November, 2014 due to his preoccupations. The Board placed on record its appreciations for the services rendered by Mr. Aditya Goyal.

Pursuant to provisions of the Companies Act, 2013 and Articles of Association of the Company, the Board appointed Mr. R.K. Sinha as Additional Director designated as Director (Operations) of the Company for a period of five years w.e.f. 28th May, 2015 at a remuneration for a period of three years

subject to the approval of the shareholders in terms of the provisions of Companies Act, 2013.

Pursuant to the provisions of the Companies Act, 2013 and the Articles of Association of the Company Dr. Meena Sharma was appointed as Additional Independent Non Executive Director w.e.f. 16th July, 2015 and she shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from member proposing Dr. Meena Sharma for appointment as Independent Director.

Mr. Krishan Kumar Goyal, Managing Director shall retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received the necessary declaration from each Independent Director in accordance with Section 149 (7) of the Companies Act, 2013, that they meet the criteria of independence as laid out in Sub Section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

BOARD DIVERSITY AND REMUNERATION POLICY

The Company has a policy for formation of the Board to have Executive Directors and Independent Directors of diverse background to maintain the independence of the Board. As on 31st March, 2015, the Board consists of 9 members, four are Executive / Whole Time Directors, four Independent Directors and One Bank Nominee Director.

We affirm that the remuneration paid to the directors is as per the terms approved by the Nomination & Remuneration Committee of the Company.

BOARD MEETINGS

During the year, five Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant of requirements under Section 134(3) (c) of the Companies Act, 2013 with respect to Directors Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual financial statements for the year ended 31st March, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the loss of the Company for the year ended on that date;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company

and for preventing and detecting fraud and other irregularities;

- iv) the Directors have prepared the annual financial statements for the year ended 31st March, 2015, on a 'going concern' basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

RELATED PARTY TRANSACTIONS

All contracts or arrangements entered into by the Company with Related Parties have been done at arm's length and are in the ordinary course of business.

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of such transactions are provided in Form AOC-2 which is annexed herewith as Annexure "A" to this report. Related Party disclosures as per AS-18 have been provided in the Notes to the financial statement.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure "B".

RISK MANAGEMENT:

The Company recognises that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company has formulated Risk Management Policy to identify and then manage threats / risks that could have impact on the goals and objectives of the Company.

AUDITORS

At the Annual General Meeting held on 29th September, 2014, M/s. Aaryaa & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in the year 2019. In terms of the provisions of Section 139 of the Companies Act, 2013, the appointment of the Auditor shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Aaryaa & Associates, Chartered Accountants, as Statutory Auditors of the Company will be placed for ratification by Shareholders. In this regard, the Company has received a Certificate from the Auditors to the effect that if their appointment is ratified, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.



The Board of Directors have approved the appointment and remuneration of M/s. V. Kumar & Associates as Cost Auditors of the Company to conduct the cost audit for the year 2015-16 on the recommendations of the Audit Committee subject to the ratification of the remuneration by the shareholders.

The Board has appointed M/s. Sharma Sarin & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2014-15, The Secretarial Audit Report in Form MR-3 for the financial year ended 31st March, 2015 is annexed herewith as Annexure "C" to this report.

AUDITOR'S REPORT

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

HUMAN RESOURCES

The Company is having motivated work force. Harmonious employee relations prevailed throughout the year. Your Directors place on record their appreciation for all employees for their hard work and dedication.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return of the Company in Form MGT-9 is annexed herewith as Annexure "D" to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in the Annual Report.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to the Financial Statements. During the year, such controls were tested and no reportable material weakness was observed in the design or implementation.

MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurring after 31st March, 2015, which may affect the financial position of the Company.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

APPRECIATION

The Directors would like to express their sincere appreciation of the co-operation received from the Bankers.

The Directors also wish to place on record its appreciation for the commitment displayed by all employees at all levels during the year.

The Directors also take this opportunity to express its deep gratitude for the continued co-operation and support received from its valued stakeholders.

For & on behalf of the Board

Place : Chandigarh

Amarjit Goyal

Dated: 10th August, 2015 Chairman & Whole Time Director

MANAGEMENT DISCUSSIONS AND ANALYSIS

The Company is secondary producer of special and alloy steel through steel scrap as its main raw material and caters mainly to Automotives and Engineering sector.

1. Industry's Structure and Developments

The slow recovery in the domestic economy and the continuous turmoil in the global market affected the performance of the steel sector in the country. Due to the high rate of interest and the continuous liquidity issues has affected the demand in automobile sector.

The performance of special and alloy steel industry mainly depends on demand from Automobile and Engineering industry and growth in infrastructure development.

2. Opportunities & Threats

Key Opportunities include:

- Localization of imported steel by foreign auto majors.
- Identify and implement cost reduction measures.

Key Threats include:

- Global turmoil in world market which is impacting steel sector also.

3. Risks and concerns the management perceives

Dependence on imports for raw material and volatility of foreign currency is the main concern of management. High cost of power is another area of concern for management.

4. Internal control system and their adequacy

To provide reasonable assurance that assets are safeguarded against loss or damage and that accounting records are reliable for preparing financial statements, management maintains a system of accounting and controls including an internal audit process. Internal controls are supported by Management reviews.

The Board of Directors have an Audit Committee that is chaired by an Independent Director. The committee meets periodically with Management, Internal Auditor, Statutory Auditors to review the Company's program of internal controls, audit plans and results, recommendations of the auditors and management's responses to those recommendations.

5. Performance

During the year under review, in spite of being very challenging, the Company was able to achieve Gross Sales of ₹ 356.60 Crores as compared to ₹ 295.42 Crores in the previous year. This has also improved the operating profit of the Company for the year to ₹ 12.46 Crores as against ₹ 8.93 Crores previous year. But due to high interest cost there has been higher losses in the current year against the previous year.

6. Human Resources

Human resources are the most valuable assets of the Company and the Company recognizes employees' contributions to the growth of the Company. The Company is having professionalized and motivated work force. Company's manpower was rationalized keeping in view of less equipment utilization.

7. Cautionary statement

The statement in this management discussion and analysis describing the Company's objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed & implied. Important factors that could make difference to the Company's decisions include economic conditions effecting demand & supply and price conditions in the domestic market.

For & on behalf of the Board

Place : Chandigarh

Amarjit Goyal

Dated: 10th August, 2015 Chairman & Whole Time Director

ANNEXURE 'A' TO DIRECTORS' REPORT**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

1. Details of contracts or arrangements or transactions not at arm's length basis
No such contract or arrangement.
2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	Modern Automotives Limited Related Party
(b) Nature of contracts/arrangements/transactions	Purchase / Sale of scrap, alloy and non-alloy rounds and machined and auto forged components I
(c) Duration of the contracts / arrangements/transactions	During the year
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	The Company is engaged in the sale / purchase of scrap, alloy and non-alloy rounds and machined and auto forged components in the normal course of business at arms length basis.
(e) Date(s) of approval by the Board, if any:	At quarterly board meetings
(f) Amount paid as advances, if any:	NIL

For & on behalf of the Board

Place : Chandigarh
Dated : 10th August, 2015

Amarjit Goyal
Chairman & Whole Time Director

**ANNEXURE 'B' TO DIRECTORS' REPORT**

Information as per Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2015.

FORM 'A'

	Current Year 2014-15	Previous Year 2013-14
A) Power and Fuel Consumption		
1. Electricity		
Purchased Units (kwh)	6,59,11,135	5,31,79,500
Total Amount ₹	43,90,77,879	36,32,94,395
Rate Per unit ₹	6.66	6.83
2. Fuel		
Quantity (Kgs)/kl	13,77,282	11,08,729
Total Amount ₹	5,76,36,957	5,07,65,171
Rate Per Unit ₹	41.84	45.78
3. Steam Coal(Gasifire)		
Quantity (Kgs)	65,00,715	50,85,245
Total Amount ₹	7,16,62,541	5,16,04,216
Rate Per Unit ₹	11.02	10.15
B) Consumption Per Unit of Production		
1. Production (Concast Billets) MT	43,845	39,030
a. Electricity Units	820	860
b. Furnace Oil (Kgs)	22	22
2. Production (Ingots) MT	24,314	18,292
a. Electricity Units	713	703
b. Furnace Oil (Kgs)	3.07	3.20
Production (Rolled Products with Oil) MT	3,500	2,823
Production (Rolled Products with Coal) MT	48,528	44,900
a. Electricity Units	94	93
b. Steam Coal(Kgs)-Gasifire	125	113
c. Furnace Oil (Kgs)	39	53.85

FORM 'B'**1. TECHNOLOGY ABSORPTION****Research & Development**

- The team of technocrats and metallurgists succeeded in development of new grades for import substitution for auto major. Other grade substitution is progressing as per plan.
- Technological improvement in processes & systems of steel making to Improve quality of our products.

Technology Absorption, Adaptation and Innovation

- Gasifier for Reheating Furnaces of Rolling Mills have been successfully commissioned for replacing costly heating media.
- Heat treatment facilities for alloy steel bars were added to improve quality of heat treatment and avoid dependence on outsourcing.
- Bigger ingot casting facilities were added in Steel Melting Shop to enter into niche market.
- Auto Component Division was added with Presses, Hammer, Heat Treatment Furnace, Machining and Assembly lines for adding further value to its product range to meet growing demand in the automobile sector.

2. FOREIGN EXCHANGE EARNING AND OUTGO

Particulars with regard to Foreign Exchange earning and outgo appear on the relevant note of the Balance Sheet.

For & on behalf of the Board

Place : Chandigarh
Dated : 10th August, 2015

Amarjit Goyal
Chairman & Whole Time Director

ANNEXURE 'C' TO DIRECTORS' REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2015**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MODERN STEELS LTD.

We have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by MODERN STEELS LTD. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the Corporate conducts/Statutory Compliances and expressing my opinion thereon.

Based on my verification of the MODERN STEELS LTD., Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I/We hereby report that in my/our opinion, the Company has, during the Audit period covering the Financial Year ended on 31st March, 2015 complied with the Statutory Provisions Listed hereunder and also that the Company has proper Board-processes and Compliance-Mechanism in place to the extent, in the manner and subject to the Reporting made hereinafter:

We have examined the books, papers and minute books, forms and returns filed and other records maintained by MODERN STEELS LTD. for the Financial Year ended on 31st March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder, except
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) As per the representations made by the Company no other laws are specifically applicable to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India - Not applicable for the year under review.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable;

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

- a. Woman Director was appointed on 16th July, 2015.
- b. Resolution under section 180 (1) (a) & 186 of the Companies Act, 2013 was passed through electronic voting.
- c. As per the representation made by the Company appointment of CFO under Section 203 of the Companies Act, 2013 is under process.



We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried out without any dissenting views of any members.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure Compliance with Applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company has passed Special Resolution under Section 180 (1) C of the Companies Act, 2013.

Place: Chandigarh for Sharma Sarin & Associates
Date: 10th August, 2015

GS Sarin, Partner
FCS No: 4025, CP No: 2751

The Secretarial Audit Report is to be read with our letter of even date which is annexed as Annexure A and Forms an integral part of this report.

'Annexure A'

To,
The Members
Modern Steels Ltd.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chandigarh for Sharma Sarin & Associates
Date: 10th August, 2015

GS Sarin, Partner
FCS No: 4025, CP No: 2751

ANNEXURE 'D' TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN	L27109PB1973PLC003358
ii) Registration Date	19 th November, 1973
iii) Name of the Company	Modern Steels Limited
iv) Category / Sub-Category of the Company	Public Limited Listed Company
v) Address of the Registered office and contact details	GT Road, Mandi Gobindgarh, Distt Fatehgarh Sahib, Punjab - 147301, Tel: 01765-257991
vi) Whether listed company Yes / No	Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. MCS Share Transfer Agent Ltd., F-65, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi 110 020, Tel.No. : +91-11- 41406149, Fax No.: +91-11- 41709881, E-mail : admin@mcsdel.com, Website : www.mcsdel.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products	NIC Code of the Product	% to total turnover of the company
1	Alloy Bars / Rounds	7228	69%
2	Non Alloy Bars / Rounds	7214	17%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

i) Category-wise Shareholding

Category of Shareholders	No. of shares held at the beginning of the year (as on 1 st April, 2014)				No. of shares held at the end of the year (as on 31 st March, 2015)				% change during the year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
A. Promoters									
(1) Indian									
a) Individual /HUF	6395859	-	6395859	50.79	6885859	-	6885859	50.03	-0.76
d) Bodies Corp.	1453077	-	1453077	11.54	2133077	-	2133077	15.50	3.96
Sub Total (A):-	7848936	-	7848936	62.33	9018936	-	9018936	65.53	3.20
Total shareholding of Promoter (A)	7848936	-	7848936	62.33	9018936	-	9018936	65.53	3.20
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3600	2400	6000	0.05	3600	2400	6000	0.04	-0.01
b) Banks / FI	-	1000	1000	0.01	-	1000	1000	0.01	0.00
Sub Total (B)(1):-	3600	3400	7000	0.06	3600	3400	7000	0.05	-0.01
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	326452	43600	370052	2.94	278219	43600	321819	2.34	-0.60
b) Individuals									



MODERN STEELS LIMITED

i) Individual shareholders holding nominal share capital up to Rs 1 lakh	1760128	848682	2608810	20.72	1714990	834105	2549095	18.52	-2.20
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1694111	21000	1715111	13.62	1808671	21000	1829671	13.29	-0.33
c) Others (Specify)									
Non Resident Indians	42450	-	42450	0.34	35838	-	35838	0.26	-0.08
Sub Total (B)(2):-	3823141	913282	4736423	37.61	3837718	898705	4736423	34.42	-3.20
Total Public Shareholding (B) = (B)(1) + (B) (2)	3826741	916682	4743423	37.67	3841318	902105	4743423	34.47	-3.20
C. Shares held by custodian for CDRs and ADRs	-	-	-	-	-	-	-	-	0.00
Grand Total (A+B+C)	11675677	916682	12592359	100	12860254	902105	13762359	100	0.00

(ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year (as on 1 st April, 2014)			Shareholding at the end of the year (as on 31 st March, 2015)			% change in shareholding during the year
	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged / encumbered to total shares	
1. Krishan Kumar Goyal	2396179	19.03	19.03	2496179	18.14	17.41%	-0.89
2. Amarjit Goyal	1099250	8.73	8.73	1189250	8.64	7.99%	-0.09
3. Alka Goyal	1488840	11.82	11.82	1488840	10.82	10.82%	-1.01
4. Nabha Commerce Pvt Ltd.	837750	6.65	6.65	837750	6.09	6.09%	-0.57
5. Aditya Goyal	795590	6.32	6.32	795590	5.78	5.78%	-0.54
6. Chandigarh Finance Pvt Ltd	380625	3.02	3.02	380625	2.77	2.77%	-0.26
7. Krishan Kumar Goyal (HUF)	346000	2.75	2.75	546000	3.97	2.51%	1.22
8. Amarjit Goyal (HUF)	270000	2.14	2.14	370000	2.69	1.96%	0.54
9. Times Finvest & Commerce Limited	234702	1.86	1.86	234702	1.71	1.71%	-0.16
10. Indo Pacific Finlease Limited	-	-	-	680000	4.94	0.00%	4.94
Total	7848936	62.33	62.33	9018936	65.53	57.03%	3.20

(iii) Change in Promoters Shareholding (please specify if there is any change)

Sr. No.	Shareholding at the beginning of the year (as on 1 st April, 2014)			Sale during the year	Purchase during the year	Cumulative Shareholding during the year	
	Particulars	No. of shares	% of total shares of the Company	No. of shares	No. of shares	No. of shares	% of total shares of the Company
1.	Promoter & Promoter Group	7848936	62.33	-	1170000	9018936	65.53

Note: There is change in shareholding of Promoter & Promoter Group due to allotment of 11,70,000 equity shares pursuant to conversion of 11,70,000 Warrants (Private placement to Promoter & Promoter Group) on 26th June, 2014.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name of the shareholder	Shareholding at the beginning of the year (as on 1 st April, 2014)		Sale during the year	Purchase during the year	Cumulative shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	No. of shares	No. of shares	% of total shares of the company
1. Ajay Goyal	469135	3.73	-	-	469135	3.41
2. Veenu Garg	366707	2.91	-	-	366707	2.66

3. Laven Kumar Goyal	195672	1.55	-	-	195672	1.42
4. Vijay Garg	187921	1.49	-	-	187921	1.37
5. Master Capital Services Ltd.	60535	0.48	40624	3963	23874	0.17
6. LSE Securities Ltd.	58389	0.46	22030	8482	44841	0.33
7. Shri Parasram Holdings P Ltd.	48060	0.38	1251	1630	48439	0.35
8. Ajay Goyal	45000	0.36	-	-	45000	0.33
9. Vaneet Kumar Gupta	44192	0.35	5657	1340	39875	0.29
10. Competent Finman P Ltd	42244	0.34	21795	1250	21699	0.16

(v) Shareholding of Directors and Key Managerial Personnel:

Name of the shareholder	Shareholding at the beginning of the year (as on 1 st April, 2014)		Sale during the year	Purchase during the year	Cumulative shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	No. of shares	No. of shares	% of total shares of the company
1. Mr. Amarjit Goyal	1099250	8.73	-	90000	1189250	8.64
2. Mr. Krishan Kumar Goyal	2396179	19.03	-	100000	2496179	18.14
3. Mr. D.S. Gill	500	0.00	-	-	500	0.00
4. Mr. Priyavrat Thareja	250	0.00	-	-	250	0.00

Note: Mr. Amarjit Goyal and Mr. Krishan Kumar Goyal were allotted Equity Shares pursuant to conversion of Warrants on 26th June, 2014.

No other Director / KMP / Company Secretary is holding any shares in the Company during the year.

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (as on 1 st April, 2014)				
i) Principal Amount	1,54,01,32,066	6,25,54,178	-	1,60,26,86,244
ii) Interest due but not paid	84,32,463	-	-	84,32,463
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,54,85,64,529	6,25,54,178	-	1,61,11,18,707
Change in indebtedness during the financial year				
- Addition	14,37,09,821	3,15,11,587	-	17,52,21,408
- Reduction	1,22,11,608	2,78,22,583	-	4,00,34,191
Net change	13,14,98,213	36,89,004	-	13,51,87,217
Indebtedness at the end of the financial year (as on 31 st March, 2015)				
i) Principal Amount	1,67,16,30,279	6,62,43,182	-	1,73,78,73,461
ii) Interest due but not paid	1,76,78,510	-	-	1,76,78,510
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,68,93,08,789	6,62,43,182	-	1,75,55,51,971

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The remuneration of Directors and Key Managerial Personnel appears in the Corporate Governance Report.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For & on behalf of the Board

Place: Chandigarh
Dated: 10th August, 2015

Amarjit Goyal
Chairman & Whole Time Director

**CORPORATE GOVERNANCE REPORT**

In line with the requirement for providing a "Report on Corporate Governance" as per Clause 49 of the revised Listing Agreement of the Stock Exchanges as applicable, given below is a report on the Company's Corporate Governance norms.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Modern Steels Limited is committed in adopting the best practices of Corporate Governance. The Company endeavours to act on the principles of transparency, accountability, trusteeship, integrity and passion. The ultimate objective being of realizing long term shareholder value, while taking into account the interest of other stakeholders.

1. BOARD OF DIRECTORS**A. Composition of the Board of Directors**

A list of Directors including the Chairman of the Board and their status as Executive / Non-Executive and Independent / Non-Independent during the year ended 31st March, 2015 is set out below:-

Name of the Director	Category of the Director	No. of Board meetings attended	No. of other Directorships in Public Company	No. of Committee positions held		Last AGM attended
				Chairman	Member	
Mr. Amarjit Goyal	Chairman & Whole Time Director Executive – Non Independent Director	5	1	-	-	Yes
Mr. Krishan Kumar Goyal	Managing Director Executive – Non Independent Director	5	3	-	-	Yes
Mr. D.S. Gill	Non-Executive – Independent Director	5	-	2	-	Yes
Prof. Priyavrat Thareja [^]	Non-Executive – Independent Director	2	-	-	1	No
Dr. Lalit Kumar Bansal [^]	Non-Executive – Independent Director	2	-	-	2	Yes
Mr. D.K. Gupta [~]	Non-Executive – Nominee Director	2	-	-	-	No
Mr. P.L. Talwar	Whole Time Director Executive – Non Independent Director	4	-	-	1	Yes
Prof Triloki Nath Kapoor [*]	Non-Executive – Independent Director	3	NA	NA	NA	No
Mr. Ramesh C Jain [*]	Non-Executive – Independent Director	3	NA	NA	NA	No
Mr. Aditya Goyal [#]	Non-Executive – Non Independent Director	2	NA	NA	NA	Yes

Disclosure of Change :-

Dr. Meena Sharma is appointed as Additional Director (Non Executive Independent Woman Director) of the Company by the Board of Directors w.e.f. 16th July, 2015 who shall hold office till the conclusion of ensuing Annual General Meeting of the Company.

Subject to the approval of shareholders at the forthcoming Annual General Meeting, the Board of Directors of the Company in its meeting held on 28th May, 2015 appointed Mr. R.K. Sinha as Director (Operations) of the Company for a period of 5 years.

[^] Prof. Priyavrat Thareja and Dr. Lalit K. Bansal were appointed as Non Executive - Independent Directors of the Company by the Board of Directors w.e.f. 26th August, 2014.

[~] State Bank of India vide their letter No. Adv/14-15/156 dated 11th November, 2014 has nominated Mr. D.K. Gupta, Retired Dy. General Manager, State Bank of India as its Nominee on the Board of Directors of the Company w.e.f 14th November, 2014.

^{*} Prof. Triloki Nath Kapoor and Mr. Ramesh C. Jain expressed their desire not to seek appointment w.e.f. 26th August, 2014.

[#] Mr. Aditya Goyal, Non Executive, Non Independent Director has resigned from the Board due to his pre occupations w.e.f.14th November, 2014.

Note: In accordance with provisions of Listing Agreement membership / chairmanship of the Audit Committee and Stakeholders Relationship Committee in all Public Limited Companies (listed / unlisted) have been considered.

B. Board Meeting and Attendance

During the financial year ended 31st March, 2015, five meetings of Board of Directors were held. The details of Board Meetings held during the year are as under:-

S.No.	Date of Board Meeting	Board's Strength	No. of Directors Present
1	26 th June, 2014	7	6
2	5 th August, 2014	7	6
3	26 th August, 2014	7	7
4	14 th November, 2014	7	7
5	12 th February, 2015	7	7

C. Board's Processes

It has always been the Company's policy and practice that apart from matters requiring Board's approval by statute, all major decisions including quarterly results of the Company, financial restructuring, capital expenditure proposals, collaborations, material investment proposals in joint venture/promoted companies, sale and acquisition of material nature of assets, mortgages, guarantees, donations etc., are regularly placed before the Board.

The information as required under Corporate Governance is being made available to the Board.

2. COMMITTEES OF THE BOARD**A. Audit Committee**

- a. i. The Company has an Audit Committee as per provisions of the Listing Agreement and under Section 177 of the Companies Act, 2013. Mr. D.S. Gill, Prof. Priyavrat Thareja*, Dr. Lalit K. Bansal* and Mr. R.K. Sinha** are the members of the Committee.
- ii. The Chairperson of the Audit Committee, Mr. D.S. Gill is a Non Executive Independent Director.
- iii. All of the above Directors are financially literate and have accounting and related financial management expertise.
- iv. The Chairperson was present at the last Annual General Meeting to answer the shareholders queries.
- v. The Company Secretary of the Company Mr. Ashish Sharma is the Secretary of the Audit Committee.
- b. The Committee met five times during the year on 26th June, 2014, 5th August, 2014, 26th August, 2014, 14th November, 2014 and 12th February, 2015. The status of attendance of members at the Audit Committee meetings was as under:

Name of Director	No. of Meetings attended during 2014-2015
Mr. D.S. Gill	5
Prof. Priyavrat Thareja *	2
Dr. Lalit K. Bansal *	2
Prof. Triloki Nath Kapoor **	3
Mr. P.L. Talwar	1

* Prof. Priyavrat Thareja and Dr. Lalit K. Bansal joined as member of Audit Committee w.e.f 26th August, 2014.

** Prof. Triloki Nath Kapoor expressed his desire not to seek appointment w.e.f. 26th August, 2014.

Mr. R.K. Sinha joined the Audit Committee in place of Mr. P.L. Talwar as member w.e.f. 28th May, 2015

c. Terms of reference of Audit Committee

- i. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii. Examination of the financial statement and the auditors' report thereon;
- iv. Approval or any subsequent modification of transactions of the company with related parties;
- v. Scrutiny of inter-corporate loans and investments;
- vi. Valuation of undertakings or assets of the company, wherever it is necessary;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. Monitoring the end use of funds raised through public offers and related matters.
- ix. To oversee the vigil mechanism as per section 177 of the Companies Act, 2013.
- x. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
- xi. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.
- xii. The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote.



d. Powers of Audit Committee

The Audit Committee shall have powers, which should include the following:

- i. To investigate any activity within its terms of reference.
- ii. To seek information from any employee.
- iii. To obtain outside legal or other professional advice.
- iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

e. Role of Audit Committee

The role of the Audit Committee shall include the following:

- i. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors of any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as provided in Clause 49(VII) of the Listing Agreement.

f. Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;
- II. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- III. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- IV. Internal audit reports relating to internal control weaknesses; and
- V. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

B. Nomination and Remuneration Committee

The Company has constituted a Nomination and Remuneration Committee as per Section 178 of the Companies Act, 2013 and the Listing Agreement. The terms of reference of the Committee are as follows-

- a. The Nomination and Remuneration Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- b. The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- c. The Nomination and Remuneration Committee shall, while formulating the policy ensure that—
 - i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.'
- d. Formulation of criteria for evaluation of Independent Directors and the Board;
- e. Devising a policy on Board diversity;

All members of the Nomination and Remuneration Committee are Non Executive Independent Directors and persons of repute and have sound knowledge of management practices.

Chairman of the Committee Mr. D.S. Gill is a Non Executive Independent Director. Prof. Priyavrat Thareja Non Executive Independent is member of the Nomination and Remuneration Committee. The power and role of the Nomination and Remuneration Committee is as per guidelines set out in the Listing Agreement.

Mr. Aditya Goyal ceased to be a member of the Committee consequent upon his resignation as Director of the Company w.e.f. 14th November, 2014.

During the year, two meetings of the Committee were held on 26th June, 2014 and 26th August, 2014.

Remuneration Policy

The Executive Directors are paid remuneration as per the terms approved by the Board of Directors and confirmed by the shareholders of the Company and in confirmation with the approval of Central Government wherever necessary. Service contracts are entered into in terms of regulations governing their appointment and terms of remuneration. The remuneration is fixed considering various factors such as qualification, experience, expertise, prevailing remuneration in the competitive industries, financial position of the Company etc. The remuneration structure comprises Basic Salary, Perquisites and allowances, contribution to Provident Fund and other funds in accordance with various related provisions of the Companies Act, 2013.

**Details of Remuneration paid to the Directors during the financial year ended 31st March, 2015**

Amount in ₹

Name of the Director	Salary	Benefits	Perquisites	Stock Option	Sitting Fee	Total
Mr. Amarjit Goyal	24,00,000	-	3,09,600	-	-	27,09,600
Mr. Krishan Kumar Goyal	30,00,000	-	7,27,111	-	-	37,27,111
Mr. D.S. Gill	-	-	-	-	1,50,000	1,50,000
Prof. Priyavrat Thareja*	-	-	-	-	40,000	40,000
Dr. Lalit Kumar Bansal*	-	-	-	-	50,000	50,000
Mr. D. K. Gupta*	-	-	-	-	20,000	20,000
Mr. P.L. Talwar	18,00,000	-	1,66,440	-	-	19,66,440
Prof Triloki Nath Kapoor**	-	-	-	-	1,00,000	1,00,000
Mr. Ramesh C Jain**	-	-	-	-	50,000	50,000
Mr. Aditya Goyal**	-	-	-	-	30,000	30,000

* Prof. Priyavrat Thareja and Dr. Lalit K. Bansal were appointed as Non Executive - Independent Directors of the Company by the Board of Directors w.e.f. 26th August, 2014. Mr. D.K. Gupta, Retired General Manager, State Bank of India was nominated as Nominee Director (vide State Bank of India letter No. Adv/14-15/156 dated 11th November, 2014) on the Board of the Company w.e.f. 14th November, 2014.

** Prof. Triloki Nath Kapoor and Mr. Ramesh C. Jain expressed their desire not to seek appointment w.e.f. 26th August, 2014. Mr. Aditya Goyal ceased to be a Director of the Company w.e.f. 14th November, 2015.

The sitting fee of Non Executive Independent Directors has been revised from ₹ 10,000 to ₹ 20,000 for attending board meetings w.e.f. 10th August, 2015. The sitting fee for attending the Committee meetings shall remain Rs.10,000.

The sitting fee of Mr. D.K. Gupta, Nominee Director has been revised from Rs. 10,000 to Rs. 40,000 for every Board meeting vide e-circular of State Bank of India dated 6th April, 2015, whereby the sitting fee for the Nominee Directors is fixed @ Rs. 40,000 for each Board Meeting. Mr. D.S. Gill is holding 500 equity shares in the Company and Prof. Priyavrat Thareja is holding 250 equity shares in the Company. No other Non-Executive Director is holding any shares in the Company.

C. Stakeholders Relationship Committee

The Company has formed a Stakeholders Relationship Committee which looks into the redressing of shareholders and investors complaints like transfer of shares, non receipt of balance sheet, change of address etc. The Committee met four times during the year on 26th June, 2014, 5th August, 2014, 14th November, 2014 and 12th February, 2015.

The Chairman of the Committee Mr. D.S. Gill is a Non-Executive Independent Director nominated by the Board. The functioning and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchange. The Company attends to the investors' grievances/ correspondence expeditiously and usually a reply is sent within 10 days of receipt of letter, except in cases that are constrained by dispute or legal impediment.

The constitution of the Stakeholders Relationship Committee is as under:

Name of Director	Category of the Director	Member / Chairman
Mr. D.S. Gill	Non Executive Independent	Chairman
Mr. P.L. Talwar	Executive Non Independent	Member
Dr. Lalit K Bansal*	Non Executive Independent	Member

* Dr. Lalit K. Bansal joined the said Committee as a member in place of Mr. Aditya Goyal upon his resignation w.e.f. 14th November, 2015.

The Committee looks into the redressing of shareholders and investors complaints like transfer of shares, non receipt Stakeholders Relationship Committee has received 13 shareholder complaints & 13 complaints are resolved to the satisfaction of shareholders & no complaints are pending.

D. Share Transfer Committee

For the expeditious disposal of the share transfer and allied services, Company has formed a Share Transfer Committee to look into and decide matters pertaining to share allotment, transfer, duplicate share certificates and related matters.

E. Banking & Finance Committee

The Company has formed a Banking & Finance Committee under the Chairmanship of a Mr. R.K. Sinha. Mr. D.S. Gill and Mr. P.L. Talwar are the members of the Committee.

The Committee oversees the Company's banking operations and borrowing from banks and financial institutions and allied matters, which otherwise require the consent of Board of Directors.

No meeting of the Committee was held during the year.

F. Allotment Committee

The Company has formed an Allotment Committee under the Chairmanship of Mr. R. K. Sinha, an Executive Director. The list of present members and the chairman of the Committee is as follows:

Name of Director	Member / Chairman
Mr. R.K. Sinha	Chairman
Mr. D.S. Gill	Member
Mr. P.L. Talwar	Member

The Committee approves the allotment of Securities i.e Shares / Debentures / Warrants etc. from time to time. During the year, one meeting of the Committee was held on 26th June, 2014.

3. Mr. Ashish Sharma, GM (Secretarial) & Company Secretary is the Compliance Officer of the Company.**4. Details of last three Annual General Meetings (AGMs)**

Financial Year	Location	Date	Time
2011-12	Regd Office: G.T. Road, Mandi Gobindgarh (Pb)	24.09.2012	11.30 a.m.
2012-13	Regd Office: G.T. Road, Mandi Gobindgarh (Pb)	11.09.2013	11.00 a.m.
2013-14	Regd Office: G.T. Road, Mandi Gobindgarh (Pb)	29.09.2014	11.00 a.m.

Special Resolutions passed in previous three AGMs:

- (i) In the 39th AGM dated 11.09.2013 the following Special resolutions were passed:
 - a) Re-appointment and remuneration of Mr. Amarjit Goyal as Whole Time Director of the Company.
 - b) Issuance of 11,70,000 warrants @ ₹100/- per warrant, convertible into equal number of equity shares of ₹10/- each to be issued at a premium of ₹90/- to Promoter & Promoter group/investor on preferential basis.
- (ii) In the 40th AGM dated 29.09.2014 the following Special resolutions were passed:
 - (a) Appointment of Mr. Amarjit Goyal (DIN: 00219943) as Chairman & Whole Time Director of the Company.
 - (b) Appointment of Mr. Krishan Kumar Goyal (DIN: 00482035) as Managing Director & CEO of the Company.
 - (c) Appointment of Mr. P.L. Talwar (DIN: 02358518) as a Whole Time Director of the Company.
 - (d) Approval under Section 180(1)(c) of the Companies Act, 2013 regarding borrowing powers to the Board of Directors.
 - (e) Approval under Section 180 (1) (a) of the Companies Act 2013 for mortgaging and/or charging, the whole or substantially the whole of the Company's undertakings in favour of the Lenders, Financial Institutions, Banks, Agents and/or Trustees etc.
 - (f) Approval under section 186 regarding powers to the Board of Directors to invest

During the year the Company passed no resolution through postal ballot.

5. DISCLOSURES

- i. None of the transactions with any of the related parties were in conflict with the interests of the Company at large. Transaction with related parties are disclosed in Notes to the Accounts in the Annual Report.
- ii. There has been no non-compliance penalties/strictures imposed on the Company by Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years

6. MEANS OF COMMUNICATION

Quarterly results: The quarterly /Half yearly/ Yearly results of the Company, Notice of Board Meeting and information relating to Annual General Meeting, Book Closures is published in The Financial World / The Financial Express and Punjabi Tribune / Rozana Spokesman i.e in English and regional language newspaper and is also notified to the Stock Exchange as required under the Listing Agreement. In addition, the Company also files quarterly results, Shareholding Pattern etc. in such form so as to enable Stock Exchange to put it on their website.

Annual Report: The Annual Report containing Audited Financial Statement, Directors' Report, Auditors' Report, Corporate Governance Report is circulated to the members by email or by post.

BSE Corporate Compliance & Listing Centre: BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES): The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Designated email-id: The Company has designated following email ID exclusively for Investor Servicing: - secretarial@modernsteels.com

Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders.

**GENERAL SHAREHOLDER INFORMATION****1. Company Registration Details:-**

The Company is registered in the State of Punjab, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L27109PB1973PLC003358.

2. Annual General Meeting:-

Day, Date & Time : Saturday, the 26th September, 2015 at 11.00 a.m.

Venue : G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab 147 301

3. Financial Calendar for:-

Adoption of Results for the quarter ended:-	In the Month of (tentative)
30 th June, 2015	10 th August, 2015 (already held)
30 th September, 2015	November, 2015 (2nd week)
31 st December, 2015	February, 2016 (2nd Week)
31 st March, 2015	May, 2016
Annual General Meeting	By September, 2016

4. Book Closure Date:-

From 21st September, 2015 to 26th September, 2015 (both days inclusive)

5. Listing on Stock Exchanges:-

Your Company is listed at the BSE Limited (BSE).

6. Stock Code:-

BSE : 513303

ISIN No. in NSDL & CDSL: INE001F01019

7. Stock Data:-

Month	MODERN DAIRIES LTD. ON BSE				BSE SENSEX		
	High ₹	Low ₹	Close ₹	Volume	High	Low	Close
2014							
April	9.12	7.33	7.93	19530	22939.31	22197.51	22417.80
May	10.90	7.55	10.25	46124	25375.63	22277.04	24217.34
June	12.19	9.11	10.66	45275	25725.12	24270.20	25413.78
July	12.90	10.50	10.70	36254	26300.17	24892.00	25894.97
August	12.74	10.10	10.74	27145	26674.38	25232.82	26638.11
September	13.64	10.16	11.61	66601	27354.99	26220.49	26630.51
October	13.20	10.10	10.69	24083	27894.32	25910.77	27865.83
November	13.65	9.65	11.00	77500	28822.37	27739.56	28693.99
December	13.15	9.15	9.95	18929	28809.64	26469.42	27499.42
2015							
January	13.85	10.20	11.99	60137	29844.16	26776.12	29182.95
February	12.45	10.20	11.30	55038	29560.32	28044.49	29361.50
March	11.60	9.00	10.15	39876	30024.74	27248.45	27957.49

8. Registrars and Share Transfer Agent (For Physical as well as for Demat Segment):-

M/s. MCS Share Transfer Agent Limited,

F- 65, First Floor, Okhla Industrial Area Phase-I, New Delhi - 110 020.

Tel. No.: +91-11- 41406149 , Fax No.: +91-11- 41709881,

E-mail : admin@mcsdel.com, Website: www.mcsdel.com.

All shareholders of the Company can avail online services from our Registrars & Share Transfer Agents M/s. MCS Share Transfer Agent Limited, with regard to Investor Grievances. Please login on the site of M/s. MCS Share Transfer Agent Limited at www.mcsdel.com and click on Investors Services and you can register your queries/grievances and details as required by you. The registered queries/grievances on the site will be responded by M/s. MCS Share Transfer Agent Limited on priority basis.

9. Shareholding Pattern of the Company as on 31st March, 2015:-

Category	No. of shares held	%age of shareholding
Promoters & Promoter Group	90,18,936	65.53
Mutual Funds & Banks	7,000	0.05
Bodies Corporate	3,21,819	2.34
Indian Public	43,78,766	31.82
NRIs/OCBs	35,838	0.26
TOTAL	1,37,62,359	100.00

10. Distribution of Shareholding as on 31st March, 2015:-

SHAREHOLDING		SHAREHOLDERS		NO. OF SHARES	
From	To	Number	% of total	Number	% of total
Upto	5000	6,113	87.62	13,91,431	10.11
5001	10000	440	6.31	3,59,015	2.61
10001	20000	221	3.17	3,24,697	2.36
20001	30000	65	0.93	1,63,824	1.19
30001	40000	26	0.37	93,670	0.68
40001	50000	16	0.23	72,248	0.52
50001	100000	40	0.57	2,84,577	2.07
100001	And above	56	0.80	1,10,72,897	80.46
Total		6,977	100.00	1,37,62,359	100.00

11. Dematerialisation of Shares:-

The trading in Company's shares is permitted only in dematerialised form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Share Dematerialisation record: The following data indicates the extent of Dematerialization of Company's shares as on 31st March, 2015

No. of Shares : 1,28,60,254	93.45 % of the total equity.
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12. Plant Location of the Company:-

Registered Office & Works: G.T. Road, Mandi Gobindgarh, Distt. Fatehgarh Sahib, Punjab – 147 301

13. Investors Correspondence:-

All queries of investors regarding the Company's shares in Physical / D'mat form may be sent at the following addresses:

Modern Steels Limited
S.C.O. 98-99, Sub City Centre,
Sector 34, Chandigarh-160 022.
Tel.:+91-172-2609001,2609002,2609003
Fax.: +91-172- 2609000
E-mail: secretarial@modernsteels.com
Company's Website: www.modernsteels.com

M/s. MCS Share Transfer Agent Limited
F-65, 1st Floor, Okhla Industrial Area
Phase-I, New Delhi 110 020
Tel.No.: +91-11- 41406149
Fax No.: +91-11- 41709881
E-mail : admin@mcsdel.com
Website : www.mcsdel.com



Declaration under Clause 49.I (D)(ii) by the Executive Director, of affirmation by the Board of Directors and Senior Management of compliance with code of conduct.

The Shareholders,

I, Krishan Kumar Goyal, Managing Director of the Company do hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct adopted by the Board of Directors, as applicable to the Board of Directors and Senior Management of the Company.

Place : Chandigarh
Date : 28th May, 2015

Sd/-
Krishan Kumar Goyal
Managing Director

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

**To,
The Members
Modern Steels Limited**

We have examined the compliance of Corporate Governance by Modern Steels Limited for the year ended 31st March, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange. The compliance of conditions of the Corporate Governance is the responsibility of the Management. Our examination has been limited to the review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that no investor complaint is pending for a period exceeding one month as on 31st March, 2015 against the Company, as per records maintained by the Investor Grievance Committee of the Company.

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

For Sharma Sarin & Associates
Company Secretaries

Place : Chandigarh
Date: 10th August, 2015

P.D. SHARMA
Partner
C.P. No. 2692

INDEPENDENT AUDITORS' REPORT

To

The Members of Modern Steels Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Modern Steels Limited, which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone 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.
4. 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

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

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015;
 - (b) In the case of the Statement of Profit and Loss, of the profit/loss of the Company for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards specified



under section 133 of the Act read with Rule 7, The Companies (Accounts) Rules, 2014.

- e. On the basis of the written representations received from the directors as on 31st March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act
- f. 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
 - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Aaryaa & Associates

Chartered Accountants
Firm Registration No. 01459NN

Krishan Joshi

Partner

M. No.094478

Place: Chandigarh

Dated: 28th May, 2015

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the members of the Company for the year ended 31st March, 2015. To the best of our knowledge and belief and information & explanation given to us, we further report that:-

1. a) Company has maintained proper records to show full particulars including quantitative details & situation of its fixed assets.
- b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals which in our opinion is appropriate having regards to size of the Company and nature of its assets. No material discrepancies have been noticed during the year.
2. a) The inventory of the Company has been physically verified by the management at reasonable intervals during the year.
- b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. The Company has granted loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. The same is mentioned herein as per the information and explanation given to us by the management.
 - a) The Company has granted unsecured loan to Modern Automotives Limited during the year. The maximum amount involved during the year is ₹ 1.86 crores & year end outstanding is ₹1.86 crores.
 - b) The rate of interest and other term & conditions of the above loan is, in our opinion, not prima facie prejudicial to the interest of the Company.
 - c) The receipts of principal amounts and interest have been regular as per stipulations.
 - d) There was no overdue amount.
4. In our opinion the Company's present internal audit system is commensurate with its size and nature of business, for purchase of inventory and fixed assets and for the sale of goods and services. The Company has regularly identified any weakness & corrective steps have been taken.
5. The Company has accepted deposits from Directors amounting to ₹ 2.68 crores (including unpaid interest ₹ 0.56 crores) as well as from corporate bodies amounting to ₹ 3.94 crores (including unpaid interest ₹ 0.16 crores). As per CDR report the amount of ₹ 3.50 crores need to be infused & ₹ 2.38 crores needed to be retained separately in form of unsecured loans by the Company. The Company has complied with the directives issued by the Reserve Bank of India & with the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
6. On the basis of records produced to us, we are of the opinion that prima facie the cost records prescribed by the Central Government of India under Section 148(1) of the Companies Act, 2013 have been made & maintained & also cost audit will be conducted. We have not carried out any detailed examination of such account & records.
7. (a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on management representations, undisputed statutory dues in respect of Provident Fund, Employee's State Insurance dues, Investor Education and Protection Fund, Income Tax,

Wealth Tax, Service Tax, Cess and other material statutory dues have generally been regularly deposited by the Company during the year with the appropriate authorities in India and there were no arrear outstanding in respect of above for a period of more than six months as on 31st March, 2015.

- (b) According to the records of the Company examined by us and the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of any dispute other than the following amounting to ₹ 1.93 crores. The details are as under:-

NATURE OF DUES/NAME OF STATUTES	FORUM WHERE DISPUTE IS PENDING	YEAR	DISPUTED AMOUNT (₹)
EXCISE DUTY			
CENTRAL EXCISE ACT 1944	PUNJAB AND HARYANA HIGH COURT	1989-90	6,47,885
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2007-08	2,56,533
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2007-08 to 2008-09	2,59,085
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2004-05 to 2006-07	89,56,212
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2004-05	78,579
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2002-03 to 2004-05	15,87,580
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2005-06 to 2006-07	11,30,998
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2007-08	2,64,934
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2007-08 to 2008-09	3,11,332
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2004-05 to 2005-06	3,55,235
CENTRAL EXCISE ACT 1944	CESTAE, NEW DELHI	2008-09	1,10,550
CENTRAL EXCISE ACT 1944	CESTAT, NEW DELHI	2003-04 to 2007-08	20,78,246
CENTRAL EXCISE ACT 1944	COMMISSIONER (APPEALS), CHANDIGARH	2004-05	5,16,272
CUSTOMS DUTY			
CUSTOMS ACT 1962	CESTAT, AHMEDABAD	2004-05	25,35,450
INCOME TAX			
INCOME TAX ACT 1961	INCOME TAX APPELLATE TRIBUNAL, CHANDIGARH	A/Y 2005-06 & 2006-07	1,64,482

8. The Company has accumulated losses as at 31st March, 2015 which are more than 50% of the net worth as on that date. It has suffered cash loss during the financial year ended on that date and also in the immediately preceding financial year.
6. There are no dues payable to financial institutions or debenture-holders. During the year ended 31st March 2015, the company has defaulted on timely payment of principal and payment of interest on term loans and cash credits. The delay with respect to interest and principal on term loans, upto 30 days amounting to ₹ 8,68,820 and ₹ 25,49,000 respectively and delay between 31-90 days amounted to ₹ 3,34,51,204 and ₹ 47,77,571 respectively. The delay with respect to interest on cash credit upto 30 days amounted to ₹ 40,52,000 and delay between 31-90 days amounted to ₹ 2,00,87,889

Apart from above as at the year end, the interest and principal outstanding on term loans amounting to ₹ 1,68,59,586 and ₹ 47,77,571 on cash credit interest amounted to ₹ 75,61,309 has not been paid till 31st March, 2015. As at the balance sheet date the periods of delay in these cases were upto 60 days

7. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
8. In our opinion & according to information & explanation given to us the term loans raised during the year have been applied for the purpose for which they were raised during the year.
9. As per the information and explanation given to us and on the basis of examination of records, no material fraud on or by the Company was noticed or reported during the course of our audit.

For Aaryaa & Associates
Chartered Accountants
Firm Registration No. 015935N

Krishan Joshi
Partner
M. No.094478

Place: Chandigarh
Dated: 28th May, 2015

**BALANCE SHEET AS AT 31ST MARCH, 2015**

Particulars	Notes	31 st March, 2015 ₹ in Lacs	31 st March, 2014 ₹ in Lacs
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	III	14,40	13,24
Reserves and Surplus	IV	9,33	10,32
Money received against Warrants	V	-	10,67
		<u>23,73</u>	<u>34,23</u>
Non-current Liabilities			
Long Term Borrowings	VI	83,12	91,40
Other Long Term Liabilities	VII	4	4
Long Term provisions	VIII	1,59	1,67
		<u>84,75</u>	<u>93,11</u>
Current Liabilities			
Short Term Borrowings	IX	77,48	67,11
Trade payables	X	49,04	29,42
Other Current Liabilities	XI	24,77	8,51
Short-Term provisions	XII	71	67
Total		<u>1,52,00</u>	<u>67</u>
		<u>2,60,48</u>	<u>1,05,71</u>
			<u>2,33,05</u>
ASSETS			
Non-Currents assets			
Fixed Assets			
Tangible Assets	XIII	77,63	51,19
Intangible Assets	XIII	3	7
Capital Work-in-Progress	XIII	-	21,22
Non-current investments	XIV	4,88	7,03
Deferred Tax Assets (net)	XV	16,32	10,40
Long Term Loans and advances	XVI	8,90	11,07
		<u>1,07,76</u>	<u>1,00,98</u>
Current Assets			
Inventories	XVII	60,81	54,85
Trade Receivables	XVIII	80,56	63,01
Cash and Bank Balances	XIX	5,80	8,40
Short Term Loans And Advances	XIX	5,13	5,31
Other Current Assets	XXI	42	50
Total		<u>1,52,72</u>	<u>50</u>
		<u>2,60,48</u>	<u>1,32,07</u>
			<u>2,33,05</u>
Significant Accounting Policies	II		
The Notes I to XXXXII form an integral part of the Financial Statements.			

As per our report of even date attached

For and on behalf of Board of Directors

For AARYAA & ASSOCIATES
Chartered Accountants
Firm Registration No. 0015935N

MUKESH SEHGAL
General Manager
(Corporate Finance) & CFO

KRISHAN KUMAR GOYAL
Director
(DIN: 00482035)

KRISHAN JOSHI
Partner
M.No 094478

ASHISH SHARMA
General Manager (Secretarial)
& Company Secretary

D.S. GILL
Director
(DIN: 00211236)

Place: Chandigarh
Dated: 28th May, 2015

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

Particulars	Notes	31 st March, 2015 ₹ in Lacs	31 st March, 2014 ₹ in Lacs
REVENUE			
Revenue from Operations	XXII	3,56,60	2,95,42
Less Excise Duty		39,04	32,28
		<u>3,17,56</u>	<u>2,63,14</u>
Other Income	XXIII	6,91	3,62
Total Revenue		<u>3,24,47</u>	<u>2,66,76</u>
EXPENSES			
Cost of material consumed	XXIV	2,02,00	1,66,89
Changes in inventories of finished goods, work-in- progress and Stock-in-trade	XXV	(6,73)	(4,99)
Employee benefits expense	XXVI	15,65	13,34
Finance Cost	XXVII	25,03	19,84
Depreciation and Amortisation expenses	XIII	5,83	4,67
Other Expenses	XXVIII	1,01,07	82,64
Prior Period Items	XXIX	2	(5)
Total Expenses		<u>3,42,87</u>	<u>2,82,34</u>
Profit / (Loss) Before Tax		(18,40)	(15,58)
Tax Expense:			
- Deferred Tax		6,24	4,91
Profit / (Loss) for the year		<u>(12,16)</u>	<u>(10,67)</u>
Earning/(Loss) per equity share of face value of ₹ 10 each	XXXI		
- Basic (in ₹)		(8.84)	(8.47)
- Diluted (in ₹)		-	(8.10)
Significant Accounting Policies	II		
Notes I to XXXII form an integral part of the Financial Statements			
As per our report of even date attached		For and on behalf of Board of Directors	
For AARYAA & ASSOCIATES Chartered Accountants Firm Registration No. 0015935N	MUKESH SEHGAL General Manager (Corporate Finance) & CFO	KRISHAN KUMAR GOYAL Director (DIN: 00482035)	
KRISHAN JOSHI Partner M.No 094478	ASHISH SHARMA General Manager (Secretarial) & Company Secretary	D.S. GILL Director (DIN: 00211236)	
Place: Chandigarh Dated: 28 th May, 2015			

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015**

Particulars	31 st March, 2015 ₹ in Lacs	31 st March, 2014 ₹ in Lacs
A. Cash Flow from Operating Activities :		
Net Profit/(Loss) after tax	(12,16)	(10,66)
Adjusted for :		
i. Depreciation	5,83	4,67
ii. Profit/Loss on Sale of Fixed Assets (net)	-	-
iii. Income from sale of investment	(3,48)	-
iv. Deferred Tax Liability/Asset	(6,23)	(4,91)
v. Finance Cost	25,04	19,83
vi. Interest Income	(3,14)	(3,56)
Operating profit before working Capital Changes	5,86	5,37
Adjusted for :		
i. Inventories	(5,96)	(14,25)
ii. Trade & Other receivables	(14,79)	(9,21)
iii. Trade Payable & Other Liabilities	24,48	4,92
Cash Generated from Operations	9,59	(13,17)
i. Taxes Paid	(34)	(36)
Net Cash outflow from Operating Activities (A)	9,25	(13,53)
B. Cash Flow from Investing Activities		
i. Purchase of Fixed Assets	(11,00)	(22,92)
ii. Adjustment through retained earnings (Dep. & Deferred Tax) as per new Companies Act, 2013	95	-
iii. Sale/Adjustments of Fixed Assets	1	7
iv. Sale of Investment	5,63	-
v. Interest Income	3,14	3,56
vi. Increase(Decrease) in Bank balances not considered as cash and cash equivalents	(19)	(19)
Net Cash used In Investing Activities (B)	(1,46)	(19,48)
C. Cash Flow from Financing Activities		
i. Increase in Share Capital	1,16	-
ii. Increase in Share Premium	13,42	-
iii. Increase/(Decrease) in Share Warrants	(10,67)	10,67
iv. Net Increase(Decrease) in Long Term Borrowings	3,16	27,18
v. Net Increase(Decrease) in Liabilities/Provisions	(8)	(24)
vi. Net Increase (Decrease) in Short Term Borrowings	10,36	18,26
vii Finance Cost	(25,04)	(19,83)
Net Cash from Financing Activities (C)	(7,69)	36,04
Net increase/decrease in Cash & Cash Equivalent (A+B+C)	10	3,03
Cash & Cash equivalents as on 1st April, 2014	5,33	2,29
Cash & Cash equivalents as on 31st March, 2015	2,54	5,33
Reconciliation of Cash and Bank balances with Balance Sheet		
Cash and Bank balances as per Balance Sheet	5,80	8,40
Less Bank balances not considered as cash and cash Equivalents	3,26	3,07
Cash & Cash equivalents as on 31st March, 2015	2,54	5,33

As per our report of even date attached

For and on behalf of Board of Directors

For AARYAA & ASSOCIATES
Chartered Accountants
Firm Registration No. 0015935N

MUKESH SEHGAL
General Manager
(Corporate Finance) & CFO

KRISHAN KUMAR GOYAL
Director
(DIN: 00482035)

KRISHAN JOSHI
Partner
M.No 094478

ASHISH SHARMA
General Manager (Secretarial)
& Company Secretary

D.S. GILL
Director
(DIN: 00211236)

Place: Chandigarh
Dated: 28th May, 2015

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**NOTE : I CORPORATE INFORMATION**

Modern Steels Limited (the Company) is a public listed Company incorporated under the provisions of the Companies Act, 1956 on 19th November 1973. The Company is engaged in manufacturing of Steel Rolled products.

NOTE : II SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting Convention**

The Financial Statements are prepared under the Historical Cost Convention in accordance with applicable Accounting Standards referred to in section 129(1) and relevant presentational requirements of the Companies Act, 2013.

2.2 Use of Estimate

The preparation of financial statements, in conformity with the generally accepted accounting principals, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results materialize.

2.3 Fixed Assets and Depreciation

All tangible fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and other attributable cost including financing & other cost of borrowed funds attributable to construction or acquisition of tangible fixed assets for the period upto the date when the assets are first put to use. Modvat credit, service tax credit and VAT credit on tangible fixed assets has been reduced from the cost. Expenditure during construction is being capitalized.

Depreciation on tangible fixed assets has been provided on straight-line method according to the Schedule II of the Companies Act, 2013.

2.4 Intangibles and Amortization

Intangible assets are recognized if it is probable that the future economic benefits attributable to that assets will flow to the enterprise and cost of the asset can be measured reliably in accordance with Accounting Standard-26 on "Intangibles" issued by the Institute of Chartered Accountant of India.

Intangibles assets are amortized on straight line basis over their useful lives, which range from 1-5 years, determined on the basis of expected future economic benefits. The amortization period and method would be reviewed at the end of each financial year.

2.5 Inventories

The cost in respect of various items of inventory is computed as under:-

- i) In case of Raw-material on FIFO Basis (net of Modvat, Service Tax & VAT).
- ii) In case of Work in Progress - Rolling Mill Raw Material are valued at monthly average cost basis. Cost for this purpose includes direct cost and all appropriate allocable overheads.
- iii) In case of Finished Goods at cost plus all appropriate allocable overheads and Excise Duty thereon. Cost for this purpose includes direct cost on monthly average cost basis, all appropriate allocable overheads and Excise Duty thereon

Fresh Stock of Stores, spares & Fuel are valued at cost or net realizable value, whichever is lower and cost is computed on FIFO Basis (net of MODVAT, Service tax, VAT). Stocks in working condition are valued at depreciated value or realizable value whichever is less. Disposable and used stocks is valued at net realizable value.

2.6 Foreign Exchange Transaction

The transactions in Foreign exchange are accounted for at the exchange rates prevailing on the date of the transactions. The current assets and current liabilities are converted at the exchange rate prevailing at the last working day of the accounting year. The resultant gains/losses are recognized in the profit & loss account relating to current assets & current liabilities. Exchange differences on foreign currency transactions relating to fixed assets acquired from a country outside India have been adjusted to revenue.

Forward Exchange contracts not intended for trading or speculation purpose.

In case of forward exchange contract, the premium or discount arising at the inception of such contract is amortized as income or expense over the life of contract as well as exchange difference on such contract i.e. difference between the exchange rate at the reporting/ settlement date and the exchange rate on the date of inception/ the last reporting date, is recognized as income/ expense for the period.

**2.7 Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as Non Current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined and long term investments are carried at cost. However, provision for dilution in value is made to recognize a decline other than temporary in the value of investments.

2.8 Employees Benefits**• Provident Fund**

Retirement benefits in the form of Provident Fund and Family Pension Fund whether in pursuance of law or otherwise is accounted on accrual basis and charged to Statement of Profit & Loss of the year.

• Gratuity

The retirement benefits in the form of Gratuity Scheme have been provided for the year ended as on 31st March, 2015. In accordance with Accounting Standard 15 (revised 2005), actuarial valuation was done in respect of the aforesaid defined “benefit” scheme.

2.9 Borrowing Costs

To capitalize the borrowing costs that is directly attributable to the acquisition or Construction of that Capital asset. Other borrowing Costs are recognized as an expense in the period in which they are incurred.

2.10 Revenue Recognition

Revenues / Incomes and Cost /Expenditures are being generally accounted on accrual basis, as they are earned or incurred. Expenditures have been disclosed net of excise duty, service tax and VAT which are Modvatable.

• Sales

Sales comprise of value of sales of products (net of returns) excluding VAT and Trade Discounts but including excise duty. Sales are recognized when the title of the goods is passed to the customers. Excise duty is reduced from gross sales to arrive at net sales.

• Interest

Interest income is recognized on a time proportion basis (accrual basis) taking into account the amount outstanding and the rate applicable.

• Dividend

Dividend Income is accounted for in the year in which the right to receive the same is established

2.11 Taxes on Income

Provision for Taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with the Income Tax Act, 1961 and Wealth Tax Act. Deferred Tax resulting from timing difference between Book Profits and Tax Profits is accounted for at the applicable rate of tax to extent the timing differences are expected to crystallize, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred Tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Assets can be realized.

2.12 Impairment of Fixed Assets

As at 31st March, 2015 the company has reviewed the future earning of its cash generating unit in accordance with the “Accounting Standards 28 Impairment of Assets” issued by the Institute of Chartered Accountants of India. As the carrying amount of the assets does not exceed the future recoverable amount consequently, no adjustment is considered necessary by the management.

2.13 Provisions for Contingent liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be outflow of resources. Contingent liabilities are disclosed by way of notes. Contingent assets are neither recognized nor disclosed in the financial statement.

2.14 Earning Per Share

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into the account the aggregate of the weighted average number of equity shares outstanding during the period and weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares into equity shares.

2.15 Cash Flow Statement

The cash flow statement has been in accordance with the Accounting Standard (AS)-3 on “Cash Flow Statements” issued by the Companies (Accounting Standard) Rules, 2006

2.16 Accounting policies not specifically referred to above are consistent with Generally Accepted Accounting Practices (GAAP).

NOTE : III**SHARE CAPITAL**

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Number	₹ in Lacs	Number	₹ in Lacs
Authorised				
Equity Shares of ₹ 10/- each	2,49,00,000	24,90	2,49,00,000	24,90
9.5% Redeemable Cumulative	10,000	10	10,000	10
		25,00		25,00
Issued, Subscribed and Fully Paid Up				
Equity Shares of ₹ 10/- each	1,37,62,359	13,76	1,25,92,359	12,59
	A	13,76		12,59
Forfeited Shares (Amount paid up)		-		1
Forfeited Warrants (Amount paid up)		64		64
	B	64		65
	(A+B)	14,40		13,24

a) Reconciliation of number and amount of equity shares

	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
Number and amount of equity shares at the beginning	1,25,92,359	12,59	1,25,92,359	12,59
Add: Number and amount of equity shares Issued during the year	11,70,000	1,17	-	-
Number and amount of equity shares at the end	1,37,62,359	13,76	1,25,92,359	12,59

b) Rights, Preferences, restrictions attached to equity shareholders:-

The Company has two classes of shares referred to as Equity Shares having par value of ₹10/- each and 9.5% Redeemable cumulative Preference Shares of ₹100/- each.

The Company has issued equity shares only. Hence rights / preferences applicable for Redeemable cumulative Preference capital are not disclosed separately.

Each Equity Shareholder is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees. In respect to Equity Shares, the dividend if any, proposed by the Board of Directors will be subject to approval of shareholders in Annual General Meeting.

In the event of liquidation of company, the holders of Equity Shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

c) Share held by holding Company or its ultimate holding company or subsidiary or associates of the holding company or the ultimate holding in aggregate Nil (Nil)**d) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without being received in cash Nil (Nil), bonus shares and shares back for the period of five years immediately preceding the reporting date Nil (Nil).**

**e) Shareholders holding more than 5% shares as at balance sheet date**

Name of Equity Shareholders	As at 31 st March, 2015		As at 31 st March, 2014	
	No. of Shares	%	No. of Shares	%
1 Mr. Krishan Kumar Goyal	24,96,179	18.14	23,96,179	19.03
2 Mrs. Alka Goyal	14,88,840	10.82	14,88,840	11.82
3 Mr. Amarjit Goyal	11,89,250	8.64	10,99,250	8.73
4 M/s. Nabha Commerce Pvt. Ltd.	8,37,750	6.09	8,37,750	6.65
5 Mr. Aditya Goyal	7,95,590	5.78	7,95,590	6.32
Total	68,07,609	49.47	66,17,609	52.55

f) Forfeiture of share warrants

In the F.Y. 2011-12, the amount paid up on 7,71,641 warrants @ ₹ 8.25/- (Per warrant) of ₹ 63.66 lacs stands forfeited as not converted.

NOTE : IV**RESERVES AND SURPLUS**

Particulars	As at 31 st March, 2015 ₹ in Lacs		As at 31 st March, 2014 ₹ in Lacs	
Securities Premium Account	-		2,89	
Add: Receipts on the issue of Share Capital	13,42	13,42	-	2,89
General Reserve		24,97		24,97
(Balance at the beginning and at the end of year)				
Surplus/(Deficit) in the Statement of Profit and Loss				
- Balance at the beginning of year	(17,54)		(6,87)	
Less: Opening adjustments as per new Companies Act, 2013 (see note below)	64			
Add/Less: Transferred from Statement of Profit & Loss	(12,16)		(10,67)	
- Balance at the end of year		(29,06)		(17,54)
Total		9,33		10,32

Note: Pursuant to Companies Act, 2013, ₹ 63,96,582 (net of deferred tax) has been adjusted with opening balance of retained earnings in respect of fixed assets where life has expired as per schedule as on 31st March, 2014.

NOTE : V**MONEY RECEIVED AGAINST SHARE WARRANTS**

Particulars	As at 31 st March, 2015 ₹ in Lacs		As at 31 st March, 2014 ₹ in Lacs	
Opening Balance	10,67		-	
Gross Amount received	1,03		10,67	
(Less) Utilised during the year	11,70		-	
Total		-		10,67

Nil (11,70,000) equity warrants allotted on preferential basis, carry on option to the holder of such warrants to subscribe to one equity share of ₹ 10/- at premium of ₹ 90/- per share for every warrant held, within 18 months from date of allotment i.e. 3rd October, 2013

NOTE : VI**LONG TERM BORROWINGS**

Particulars	NON CURRENT		CURRENT MATURITIES	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	₹ in Lacs		₹ in Lacs	
SECURED BORROWINGS				
(a) Term Loan - i	12,17	14,50	2,93	1,76
Term Loan - ii	21,80	21,04	3,19	-
(b) Working Capital Term Loans	33,86	39,50	5,64	-
(c) Funded Interest Term Loans	8,66	10,10	1,44	-
Total (A)	76,49	85,14	13,20	1,76
UNSECURED BORROWINGS				
From Related Parties	5,18	4,81	-	-
From Others	1,45	1,45	-	-
Total (B)	6,63	6,26	-	-
Amount disclosed under "Other Current Liabilities" (Refer Note XI)	-	-	(13,20)	(1,76)
Total (A+B)	83,12	91,40	-	-

a) Details of Securities:-

Term loans from State Bank of India, Punjab National Bank, State Bank of Patiala and Canara Bank are secured by equitable mortgage of Land and Building of the company's properties situated at village Ajnali, Ambey Majra and Kukkar Majra & by hypothecation of all the movable properties forming part of the entire fixed assets of the Company on pari passu basis. The term loans from SBI, PNB, SBOP & Canara Bank are also secured by way of second charge on all the current assets of the Company.

Working Capital Term Loans and or Funded Interest Term Loans from State Bank of India, Punjab National Bank, Canara Bank and State Bank of Patiala are secured by equitable mortgage of Land and Building of the Company's properties situated at Village Ajnali, Ambey Majra and Kukkar Majra & by hypothecation of all the movable properties forming part of the fixed assets of the Company on pari passu basis. The Working Capital term Loan and or Funded Interest Term Loan from State Bank of India, Punjab National Bank, Canara Bank and State Bank of Patiala are also secured by way of second charge on all the current assets of the Company.

Collateral Security

Equitable mortgage of i) a vacant industrial plot on Truck Stand Road, Mandi Gobindgarh owned by Chandigarh Finance Pvt. Ltd. ii) residential property in the name of a Director at Sarvapriya Vihar, New Delhi.

Pledge of promoters' shareholding i.e. 62.33% of the paid up capital.

b) Guarantee by Directors & others:-

Aggregate amount of Secured Long Term Borrowings are guaranteed by Chairman, Managing Director and Mr. Aditya Goyal are as follows:

TERM LOANS I	:	₹15,08.58 lacs (₹ 16,25.63) lacs
TERM LOANS II	:	₹ 24,99.00 lacs (₹ 21,04.16) lacs
WCTL	:	₹ 39,49.97 lacs (₹ 39,49.97) lacs
FITL	:	₹ 10,10.25 lacs (₹ 10,10.25) lacs



c) Terms of Repayment :-

Pursuant to the rework proposal approved under the Corporate Debt Restructuring (CDR) scheme by CDR Empowerment Group duly sanctioned by respective banks under the consortium, following interest rates and schedules of repayment have been agreed with the Company.

I a Term Loans @ 16% pa. (included in long term borrowings and other current liabilities) (₹ in lacs)

TERM LOAN I

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
			3	4	4	4	4	4	4	4
State Bank of India	9,30.28	Annual instalment amount	36.52	1,45.00	1,45.00	1,45.00	1,45.00	1,45.00	1,45.00	23.76
Punjab National Bank	3,71.43	Annual instalment amount	14.28	57.14	57.14	57.14	57.14	57.14	57.14	14.31
Canara Bank	2,06.88	Annual instalment amount	7.87	31.84	31.84	31.84	31.84	31.84	31.84	7.97

I b Term Loans @ 16% pa. (included in long term borrowings and other current liabilities) (₹ in lacs)

TERM LOAN II

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
			-	4	4	4	4	4	4	4	4
State Bank of India	11,50.00	Annual instalment amount	-	1,43.76	1,43.76	1,43.76	1,43.76	1,43.76	1,43.76	1,43.76	1,43.68
Punjab National Bank	6,40.00	Annual instalment amount	-	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Canara Bank	2,50.00	Annual instalment amount	-	31.24	31.24	31.24	31.24	31.24	31.24	31.24	31.32
State Bank of Patiala	4,59.00	Annual instalment amount	-	63.76	63.76	63.76	63.76	63.76	63.76	63.76	12.68

II Working Capital Term Loans (WCTL) (included in long term borrowings and other current liabilities) @ 10.50 % pa.

(₹ in lacs)

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
			-	4	4	4	4	4	4	4
State Bank of India	18,00.00	Annual instalment amount	-	2,57.14	2,57.14	2,57.14	2,57.14	2,57.14	2,57.14	2,57.16
Punjab National Bank	10,00.00	Annual instalment amount	-	1,42.85	1,42.85	1,42.85	1,42.85	1,42.85	1,42.85	1,42.90
Canara Bank	7,99.98	Annual instalment amount	-	1,14.28	1,14.28	1,14.28	1,14.28	1,14.28	1,14.28	1,14.30
State Bank of Patiala	3,50.00	Annual instalment amount	-	50.00	50.00	50.00	50.00	50.00	50.00	50.00

III Funded Interest Term Loans (FITL) (included in long term borrowings and other current liabilities) @ 10.50 % pa.

(₹ in lacs)

Name of Bank	Amount outstanding	Financial year No of instalment in a year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
			-	4	4	4	4	4	4	4
State Bank of India	5,24.24	Annual instalment amount	-	75.00	75.00	75.00	75.00	75.00	75.00	74.25
Punjab National Bank	2,52.00	Annual instalment amount	-	36.00	36.00	36.00	36.00	36.00	36.00	36.00
Canara Bank	1,07.99	Annual instalment amount	-	15.42	15.42	15.42	15.42	15.42	15.42	15.47
State Bank of Patiala	1,26.00	Annual instalment amount	-	18.00	18.00	18.00	18.00	18.00	18.00	18.00

IV Working Capital Term Loan (WCTL)

In the year 2012-13 the amount of Working Capital term Loan has been carved out of existing cash credit limits and same is repayable in 28 quarterly structured installments commencing from 30th June, 2015.

V Funded Interest Term Loan (FITL)

In the year 2012-13 the CDR Empowered Group has sanctioned the conversion of future interest into various instruments and repayments thereof keeping in view the present scale of operations and expected liquidity position in the initial years of post implementation of the restructuring scheme. The repayment of 28 quarterly structured installments will be commencing from 30th June, 2015.

c(3) Other Loans (Unsecured Borrowings) @ 10% p.a. ₹ 6,62.43 lacs (₹ 6,25.54 lacs)

Unsecured borrowings from related parties & others are due for payment from the financial year 2016-17 to 2017-18.

NOTE: VII**OTHER LONG TERM LIABILITIES**

Particulars	As at 31st March, 2015 ₹ in Lacs	As at 31st March, 2014 ₹ in Lacs
Securities Received	<u>4</u>	<u>4</u>
Total	<u>4</u>	<u>4</u>

NOTE: VIII**LONG TERM PROVISIONS**

Particulars	As at 31st March, 2015 ₹ in Lacs	As at 31st March, 2014 ₹ in Lacs
Provision for employee benefits		
Gratuity	<u>1,59</u>	<u>1,67</u>
Total	<u>1,59</u>	<u>1,67</u>

The Company has adopted Accounting Standard AS 15 (Revised 2005) on employment benefit on 1st April 2007, consequent to the clarification issued by ASB of the institute of chartered accountants of India for implementing AS 15, the liability in respect of the same of benefit have been reworked as on 31st March, 2015, based on the following assumptions.

(Actuarial valuation has been done by Sh A.D. Gupta vide Actuarial Valuation Certificate dated 21st April, 2015)

Particulars	As at 31st March, 2015 ₹ in Lacs	As at 31st March, 2014 ₹ in Lacs
a) Actuarial Assumptions		
Discount Rate (per annum)	8.00%	8.75%
Rate of increase in compensation levels	4.00%	5.00%
Rate of return on plan assets	-	-
Expected average remaining working {Lives of employees (year)}	21.83	21.74
b) Table showing changes in present value of obligations:		
Present Value of Obligation as at the beginning of the year	2,33	241
Acquisition adjustment	-	-
Interest Cost	20	19
Past Service Cost-vested	-	-
Current Service Cost	22	22
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Benefits Paid	(34)	(35)
Actuarial (gain)/loss on obligations	(13)	(15)
Present Value of Obligation as at the end of the year	228	233


C) Actuarial Gain/Loss Recognized:

Actuarial (gain)/loss for the year – Obligation	(13)	(15)
Actuarial (gain)/loss for the year – Plan Assets	-	-
Total (gain)/loss for the year	(13)	(15)
Actuarial (gain)/loss recognized in the year	(13)	(15)
Unrecognized actuarial (gains)/losses at the end of year	-	-

D) The amounts to be recognized in Balance Sheet and Statements of Profit & Loss:

Present Value of Obligation as at the end of the year	2,28	2,33
Fair Value of Plan Assets as at the end of the year	-	-
Funded Status	(2,28)	(2,33)
Unrecognized Actuarial (gains)/losses	-	-
Net Asset/(Liability) recognized in Balance Sheet	(2,28)	(2,33)

E) Expenses recognized in the statement of Profit & Loss:

Current Service Cost	22	22
Past Service Cost –vested	-	-
Interest Cost	20	19
Expected Return on Plan Assets	-	-
Curtailment Cost/(Credit)	-	-
Settlement Cost/(Credit)	-	-
Net actuarial (gain)/Loss recognized in the year	(13)	(15)
Expenses Recognized in the statement of Profit & Loss	29	27

F) Bifurcation of PBO at the end of year

Current Liability (Amount due within one year)	69	65
Non –Current Liability (Amount due over one year)	1,59	1,67
Total PBO at the end of year	2,28	2,32

NOTE: IX
SHORT TERM BORROWINGS

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
SECURED BORROWINGS		
a) LOANS REPAYABLE ON DEMAND:		
- From Banks	77,48	55,70
b) LOANS REPAYABLE WITHIN 12 MONTHS		
- From Banks		
Buyer's Credit	-	11,41
Total	<u>77,48</u>	<u>67,11</u>

a) Detail of Securities

(i) Working Capital Borrowings such as Cash credit from State Bank of India, Punjab National Bank, Canara Bank and State Bank of Patiala is secured by hypothecation on entire current assets of the Company on pari passu basis and second charge on Fixed Assets of the Company.

b) Collateral Security

Equitable mortgage of i) a vacant industrial plot on Truck Stand Road, Mandi Gobindgarh owned by Chandigarh Finance Pvt. Ltd. ii) residential property in the name of a Director at Sarvapriya Vihar, New Delhi.

c) Guarantee by Directors & Others:-

Aggregate amount of Secured Short Term Borrowings guaranteed by Chairman, Managing Director & Mr. Aditya Goyal are as follows:

Cash Credit	77,48.49 Lacs (55,69.98 Lacs)
Buyer's Credit	Nil (11,41.29 Lacs).
Letter of Credit issued by banks	42,81.41 Lacs (34,42.12 Lacs)

Cash Credit loan account is overdue as detailed below :-

₹ in Lacs

Name of Bank	CC Limit	Outstanding as on 31 st March, 2015	Overdue as on 31 st March, 2015
Canara Bank	7,32	8,28	96
State Bank of Patiala	14,64	17,57	2,93

NOTE: X**TRADE PAYABLES**

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
- Dues to Micro, Small & Medium Enterprises	1,30	-
- Dues to Others	47,74	29,42
Total	49,04	29,42

According to communication received from suppliers regarding the applicability of the Act to them by the Company, dues to micro, small and medium enterprises pursuant to Section 22 of the Micro, Small and medium Enterprises Development Act (MSMED).

Principal amount remaining unpaid under MSMED Act, 2006	1,30	-
Interest accrued and remaining unpaid	-	-
Total	1,30	-


NOTE: XI
OTHER CURRENT LIABILITIES

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
Current maturities of Long Term Borrowings	13,20	1,76
Interest accrued and due on borrowings	1,77	84
Other Payables		
Advances from Customer	12	5
Expenses payables	5,82	3,19
Employee Related Payables	1,18	99
Statutory dues payables	2,68	1,68
Total	<u>24,77</u>	<u>8,51</u>

NOTE: XII
SHORT TERM PROVISIONS

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
Provision for Employee benefits		
Gratuity (Refer Note VIII)	69	65
Others		
Provision for Wealth Tax	2	2
Total	<u>71</u>	<u>67</u>

NOTE XIII
FIXED ASSETS

₹ in Lacs

Fixed Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK			
	As At 1 st April, 2014	Addi- tions	Sales/ Adjust- ments	As At 31 st March, 2015	Up To 1 st April, 2014	During the Period	Adjustment to Opening Reserves (Refer note below)	Sold/ Adjust- ments	Up To 31 st March, 2015	As At 31 st March, 2015	As At 31 st March, 2014
TANGIBLE ASSETS											
Land	25	-	-	25	-	-	-	-	-	25	25
Buildings	11,97	3,12	-	15,09	3,92	60	1	-	4,51	10,58	8,05
Plant & Machinery	84,94	27,88	-	1,12,82	43,59	4,37	89	-	47,07	65,75	41,35
Office Equipment	1,26	7	-	1,33	76	31	3	-	1,04	29	50
Furniture	1,12	6	-	1,18	81	11	3	-	89	29	31
Vehicles	2,18	12	9	2,21	1,45	37	-	8	1,74	47	73
TANGIBLE ASSETS TOTAL	1,01,72	31,25	9	1,32,88	50,53	5,76	96	8	55,25	77,63	51,19
Previous Year	99,03	2,99	30	1,01,72	46,27	4,50	-	23	50,53	51,19	-
INTANGIBLE ASSETS											
Computer Software	1,14	3	-	1,17	1,07	7	-	-	1,14	3	7
INTANGIBLE ASSETS TOTAL	1,14	3	-	1,17	1,07	7	-	-	1,14	3	7
Previous Year	1,12	2	-	1,14	90	17	-	-	1,07	7	-
Total	1,02,86	31,28	9	1,34,04	51,61	5,83	96	8	56,39	77,66	51,26
Previous Year	1,00,15	3,01	30	1,02,86	47,18	4,67	-	23	51,61	51,26	-
Capital Work-in-Progress	21,22	9,62	30,84	-	-	-	-	-	-	-	-
Previous Year	1,31	22,55	2,64	2,122	-	-	-	-	-	21,22	-

Pursuant to Companies Act, 2013 being effective from 1st April, 2014, the Company has revised depreciation rates on its fixed assets as per the useful life specified in Part C of Schedule II of the Act. As a result of this change, the depreciation charge for twelve months ended 31st March, 2015 is lower by ₹ 50.83 lacs. Consequently, loss for year is lower to that extent. Further based on transitional provision provided in note vii(b) of schedule II assets whose useful life is Nil as on 31st March, 2014 an amount of ₹ 94.68 lacs has been restated out of retained earning as on that date.

NOTE: XIV**NON - CURRENT INVESTMENTS**

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
A) TRADE INVESTMENT (at cost, unquoted)		
Investment in Equity instruments:		
In Related Company:		
16,24,000 (38,00,000) equity shares of ₹10 each fully paid up in Modern Automotives Ltd. out of which 8,00,000 equity shares issued at premium @ ₹ 40 per share.	4,85	7,00
(A)	<u>4,85</u>	<u>7,00</u>
B) OTHER INVESTMENT (at cost, unquoted)		
Investment in Equity instruments:		
In Others:		
28,125 (28,125) No. of Equity Shares of ₹10 each fully paid up in Nimbua Green Field (Punjab) Ltd.	3	3
(B)	<u>3</u>	<u>3</u>
Aggregate cost of Unquoted Investment (A+B)	<u>4,88</u>	<u>7,03</u>

Note: During the year under review, the Company transferred 21.76 lacs shares of Modern Automotives Limited and earned net gain of ₹ 3.48 Crores.

NOTE: XV**DEFERRED TAX LIABILITY/ASSET**

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
Deferred Tax Liability		
(Impact of difference between income tax depreciation and depreciation / amortisation charged for financial reporting period)		
Opening Balance	9,41	6,57
Additions (see note)	31	-
Total (A)	<u>9,72</u>	<u>6,57</u>
Deferred Tax Asset		
Disallowance u/s 40A(7) on account of provision of gratuity	74	75
On account of accumulated losses as per Income Tax Act	21,81	12,75
Disallowance u/s 43B on account of FITL interest	3,28	3,28
Disallowance u/s 43B on account of Bonus	21	19
Total (B)	<u>26,04</u>	<u>16,97</u>
Net (B-A)	<u>16,32</u>	<u>10,40</u>

Note: Pursuant to Companies Act, 2013 being effective from 1st April, 2014, based on transitional provision provided in note vii(b) of schedule II assets whose useful life is Nil as on 31st March, 2014 an amount of ₹ 94,68,698 has been restated out of retained earning as on that date and deferred tax liability account has been adjusted accordingly by ₹ 30,72,116.

**NOTE: XVI****LONG TERM LOANS AND ADVANCES**

Particulars	As at 31st March, 2015 ₹ in Lacs	As at 31st March, 2014 ₹ in Lacs
(Unsecured, Considered Good)		
Capital Advances	34	3,53
Security Deposits	4,73	3,67
Loans & Advances to Related Parties Modern Automotives Ltd.	1,86	2,07
Other Loans & Advances Interest & installments refundable by Banks in view of CDR & Others Amount paid (under protest) on account of Excise, Power, ESI etc.	142 55	1,06 74
Total	8,90	11,07

NOTE: XVII**INVENTORIES**

Particulars	As at 31st March, 2015 ₹ in Lacs	As at 31st March, 2014 ₹ in Lacs
Inventories		
a) Raw Materials (including-in-transit ₹1,49.28 lacs Previous Year ₹ 4,13.61 lacs)	20,92	22,85
b) Work in Progress	7,16	6,85
c) Finished Goods	18,56	12,14
d) Stores, Spares & Fuel (includes disposable stores)	14,17	13,01
Total	60,81	54,85

Method of Valuation:

1 The cost in respect of various items of inventory is computed as under:

- In case of Raw- material on FIFO Basis (net of MODVAT, Service Tax & VAT).
- In Case of Work in Progress- Rolling Raw Material are valued at monthly average cost basis. Cost for this purpose includes direct cost and all appropriate allocable overheads.
- In Case of Finished Goods at Cost plus all appropriate allocable overheads and Excise Duty thereon. Cost for this purpose includes direct cost on monthly average cost basis, all appropriate allocable overheads and Excise Duty thereon.

2 Fresh Stocks of Stores, spares & Fuel are valued at cost or net realizable value, whichever is lower and cost is computed on FIFO Basis (net of MODVAT, Service tax, VAT). Stocks in working condition are valued at depreciated value or realizable value whichever is less. Disposable and used stocks is valued at net realizable value.

NOTE: XVIII**TRADE RECEIVABLES**

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
(Unsecured, Considered Good)		
Debts Outstanding for period exceeding six months from due date of payment	1,41	71
Other Debts	<u>79,15</u>	<u>62,30</u>
Total	<u>80,56</u>	<u>63,01</u>

NOTE: XIX**CASH AND BANK BALANCES**

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
(A) Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	2,19	2,89
Cheques on hand	-	2,36
Cash in hand	<u>35</u>	<u>8</u>
(A)	<u>2,54</u>	<u>5,33</u>
(B) Other Bank Balances		
In Fixed Deposits Accounts Inclusive of interest accrued thereon	3,26	3,07
(B)	<u>3,26</u>	<u>3,07</u>
Total (A+B)	<u>5,80</u>	<u>8,40</u>

Fixed deposits including interest thereon is towards margin money given to the banks against margin of the Letter of Credit.

NOTE: XX**SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
Unsecured, Considered Good		
OTHERS		
Advance Tax and TDS	34	36
Old Income Tax	92	1,30
Balance with Statutory Authorities	1,52	2,54
Advances to Suppliers	1,44	75
Advances to Employees	8	8
Prepaid Expenses	82	25
Other Recoverable	<u>1</u>	<u>3</u>
Total	<u>5,13</u>	<u>5,31</u>

**NOTE: XXI****OTHER CURRENT ASSETS****Particulars****As at
31st March, 2015
₹ in Lacs****As at
31st March, 2014
₹ in Lacs****Unsecured, Considered Good**

Insurance refund/claim receivable

1

12

Interest receivable from PSPCL

41

38

Total**42****50****NOTE: XXII****REVENUE FROM OPERATIONS****Particulars****Year Ended
31st March, 2015
₹ in Lacs****Year Ended
31st March, 2014
₹ in Lacs**

Sale of Products (Refer note No. XXXIII)

3,55,49

2,95,32

Other Operating Revenue

1,11

10

Revenue from Operations (Gross)**3,56,60****2,95,42****NOTE: XXIII****OTHER INCOME****Particulars****Year Ended
31st March, 2015
₹ in Lacs****Year Ended
31st March, 2014
₹ in Lacs**

Interest Income

3,14

3,56

Profit on sale of fixed assets

1

2

Gain on sale of investment

3,48

-

Bad Debts recovered

27

-

Other Non-Operating Incomes

1

4

Total**6,91****3,62**

Note:- During the year the Company transferred 21.76 Lacs equity shares of Modern Automotives Limited and earned net gain of ₹ 3.48 crores.

NOTE: XXIV**COST OF MATERIAL CONSUMED****Particulars****Year Ended
31st March, 2015
₹ in Lacs****Year Ended
31st March, 2014
₹ in Lacs**

Scrap

1,75,14

1,41,81

Purchase Intermediates (Billets/Ingots)

-

65

Additives

26,86

24,43

Total**2,02,00****1,66,89**

NOTE: XXV**CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS**

Particulars	Year Ended 31 st March, 2015 ₹ in Lacs	Year Ended 31 st March, 2014 ₹ in Lacs
Opening Stock		
Finished Goods	12,14	9,84
Work-in-progress	6,85	4,16
(A)	<u>18,99</u>	<u>14,00</u>
Closing Stock		
Finished Goods	18,56	12,14
Work-in-progress	7,16	6,85
(B)	<u>25,72</u>	<u>18,99</u>
Total (A-B)	<u>(6,73)</u>	<u>(4,99)</u>

NOTE: XXVI**EMPLOYEE BENEFITS EXPENSES**

Particulars	Year Ended 31 st March, 2015 ₹ in Lacs	Year Ended 31 st March, 2014 ₹ in Lacs
Salary Wages and Bonus	12,94	11,30
Contributions to Provident and Other Fund	1,47	1,05
Gratuity	29	27
Staff & Workers Welfare expenses	95	72
Total	<u>15,65</u>	<u>13,34</u>

NOTE: XXVII**FINANCE COST**

Particulars	Year Ended 31 st March, 2015 ₹ in Lacs	Year Ended 31 st March, 2014 ₹ in Lacs
Interest Expense		
Banks		
Term Loans	10,32	7,49
Cash Credit	8,01	5,85
Bank & Others (against LC)	3,76	2,12
Others		
Unsecured Loans	44	38
Other Borrowing Cost	1,91	2,01
Net Loss on foreign currency translation & transactions	59	1,99
Total	<u>25,03</u>	<u>19,84</u>

**NOTE: XXVIII****OTHER EXPENSES**

Particulars	Year Ended 31st March, 2015 ₹ in Lacs	Year Ended 31st March, 2014 ₹ in Lacs
Consumption of Stores and Spares parts	21,41	16,11
Power and Fuel	56,84	46,42
Other Manufacturing Expenses	6,92	6,64
Conversion Charges	2,26	1,26
Increase/(Decrease) in Excise Duty of closing Stock of Finished Goods	59	25
Rent	16	16
Repairs and Maintenance :		
- Building	10	14
- Machinery	44	17
- Others	11	13
Insurance	35	31
Rate & Taxes	8	3
Fees	11	10
Travelling and Conveyance	69	67
Forwarding Expenses	4,29	3,30
Discount, Rebate and allowances	4,56	4,01
Bad Debt written off	-	3
Net Loss on foreign currency translation & Transactions	31	1,30
Miscellaneous Expenses	1,90	1,67
Cost of Trial Run transferred to Capital WIP	(5)	(6)
Total	<u><u>1,01,07</u></u>	<u><u>82,64</u></u>

Note: An amount of ₹ 97.80 lacs as demanded by PSPCL towards tariff revision against which the company has gone to the court and has been granted stay. On prudent concern the Company has booked said expense. The liability thereof has been adjusted against the rebate recoverable from PSPCL vide memo 858/862 dated 16th October, 2014.

NOTE: XXIX**PRIOR PERIOD ITEMS**

Particulars	Year Ended 31st March, 2015 ₹ in Lacs	Year Ended 31st March, 2014 ₹ in Lacs
Previous Year Expenses	2	7
Less Previous Year Income	-	12
Total	<u><u>2</u></u>	<u><u>(5)</u></u>

NOTE: XXX**CONTINGENT LIABILITIES & COMMITMENTS**

Particulars	As at 31st March, 2015 ₹ in Lacs	As at 31st March, 2014 ₹ in Lacs
Contingent Liabilities:		
a) Claim against the Company not acknowledged as debts	2,81.01	2,98.14
b) Other money for which Company is contingent liable	9,53.51	6,40.64
Commitments:		
a) Estimated amount of contractors remaining to be executed on capital accounts and not provided for.	-	6,70.00
b) Letter of credited against import of material	-	2,29.23

c) Unhedged foreign currency exposure as at year end:

(Amount in Lacs)

Particulars	Currency	As at 31 st March, 2015	As at 31 st March, 2014
Buyer's Credit	USD	-	\$6.76
Buyer's Credit	Indian Rupee	-	₹4,07
Foreign Vendors	USD	\$ 00.17	\$12.40
Foreign Vendor	Indian Rupee	₹ 10.82	₹7,45

NOTE: XXXI**EARNINGS/(LOSS) PER SHARE**

Particulars	As at 31 st March, 2015	As at 31 st March, 2014
Profit / (Loss) after taxation as per Statement of Profit and Loss (₹ in lacs)	(12,15.43)	(10,66.66)
Equity shares outstanding	1,37,62,359	1,25,92,359
Basic earnings/(loss) per share in rupees (face value ₹ 10/- each)	(8.84)	(8.47)
Diluted earnings/(loss) per share in rupees (face value ₹ 10/- each)	-	(8.10)

NOTE: XXXII**PAYMENT TO AUDITORS ***

Particulars	As at 31 st March, 2015 ₹ in Lacs	As at 31 st March, 2014 ₹ in Lacs
Audit Fees	7.87	3.93
Tax Audit fees	0.17	0.17
Tax Consultancy Fees	-	0.39
Reimbursement	-	0.54

*inclusive of service tax

NOTE: XXXIII**Statement of Turnover and Closing Stock (Quantity figures are rounded off to Metric Ton).**

₹ in Lacs

Particulars	Turnover	Finished Goods		Work in Process	
		Closing Stock	Opening Stock	Closing Stock	Opening Stock
Concast Billets this year	2,01.27	-	-	-	-
Previous year	73.97	-	-	-	-
Rolled Product this year	3,06,47.92	16,43.36	12,13.65	-	-
Previous year	2,93,99.46	12,13.65	9,83.59	-	-
Induction Ingots this year	25,00.58	-	-	-	-
Previous year	55.92	-	-	-	-
Auto Components this year	21,19.39	2,12.92	-	-	-
Previous year	-	-	-	-	-
Others this year	79.62	-	-	-	-
Previous year	3.11	-	-	-	-
Current Year	3,55,48.78	18,56.28	12,13.65	-	-
Previous year	2,95,32.46	12,13.65	9,83.59	-	-
Rolling Mills Material					
Billet – Current Year	-	-	-	1,85.65	4,60.38
Billet – Previous Year	-	-	-	4,60.38	2,07.29



Ingot – Current Year	-	-	-	4,03.03	1,90.00
Ingot – Previous Year	-	-	-	1,90.00	1,01.72
Round – Current Year	-	-	-	1,27.56	35.07
Round – Previous Year	-	-	-	35.07	1,06.58
Total – Current Year	-	-	-	7,16.24	6,85.45
Total – Previous Year	-	-	-	6,85.45	4,15.59

NOTE: XXXIV

The Information required by paragraph 5 of general instructions for preparation of the statement of Profit and Loss as per Schedule III of Companies Act, 2013

a) Value of Imports (CIF Basis)

Particulars	Year Ended	Year Ended
	31 st March, 2015	31 st March, 2014
	₹ in Lacs	₹ in Lacs
1) Raw Material	99,43.01	63,56.65
2) Stores & Spares	3,65.83	4,34.12

b) Expenditure in Foreign Currency

Travelling Expenses	-	-
Electrical Repairs	13.14	-

c) Value of Raw Material Consumed

Particulars	Year Ended		Year Ended	
	31 st March, 2015		31 st March, 2014	
	%age	Value in Lacs	%age	Value in Lacs
Cost of Materials Consumed				
Imported	58.38	1,17,88	51.56	86,06
Indigenous	41.62	84,04	48.44	80,84
Total		2,01,92		1,66,90
Store & Spares				
Imported	20.16	4,32	31.04	5,00
Indigenous	79.84	17,11	68.96	11,11
Total		21,43		16,11

d) Earning in Foreign Currency

	10	-
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NOTE: XXXV
TREATMENT OF EXCISE DUTY

Excise duty amounting to ₹ 39,04.31 Lacs (Previous year ₹ 32,27.69 Lacs) has been reduced from gross turnover as the same is included in the figure of gross turnover. Further the differences of excise duty between the closing stock and opening stock amounting to ₹ 58.78 Lacs has been disclosed separately in the Other Expenses forming part of Statement of Profit & Loss.

NOTE: XXXVI**CAPITALIZATION OF EXPENDITURE**

The following expenditures have been capitalized during the year:

	31st March, 2015	31 st March, 2014
	₹ in Lacs	₹ in Lacs
Salary and Wages	5.00	66.39
Power and Fuel	5.00	4.00
Finance Costs	93.51	74.04
Trial Run Cost	4.89	6.31
Total	<u>1,08.40</u>	<u>1,50.74</u>

Salary & wages and Power & Fuel have been capitalized on estimated basis for having incurred for commissioning of new auto components unit.

The Company has started commercial activity in relation to Auto Components Unit with effect from 1st July, 2014.

NOTE: XXXVII**SEGMENT REPORTING**

The Company is engaged in the business of Steel Manufacturing which in context of Accounting Standards – 17 – “Segment Report” issued by the Institute of Chartered Accountants of India is considered the only business segment. So separate segment reporting is not necessary.

NOTE: XXXVIII

In the opinion of the Board of Directors, Current Assets, Loan and Advances have value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in accounts.

NOTE: XXXIX

The Company has applied for its debts under Corporate Debt Restructuring Mechanism during the financial year 2012-13. The proposal to restructure all the debts from the lenders:

- State Bank of India
- Punjab National Bank
- State Bank of Patiala
- Canara Bank

CDR Empowered Group approved restructuring on 8th November, 2012 and CDR Cell issued Letter of Approval (LOA) on dated 27th April, 2013. Master Restructuring Agreement incorporating the terms of LOA was signed with the lenders on 25th July, 2013. The Company has created security in favour of the lenders.

NOTE: XXXX

In term of Letter of Approval (LOA) and Master Restructuring Arrangement (MRA), the Company's debts have been restructured with longer repayment schedule stretching upto FY 2022-23 and low rate of interest. A part of the interest for the period from September 2012 to March 2014 has been funded by the lenders by way of Funded Interest Term Loan (FITL). However, CDR lenders would have the right to recompense for their sacrifices, at the time of Company's exist from CDR, the sacrifice amount for which lenders have right to recompense works out to ₹ 12.33 Crores during the tenure of CDR, of which the amount for the period from 1st April, 2014 to 31st March, 2015 is ₹ 1.70 Crores and the cumulative amount for the period upto 31st March, 2015 is ₹ 5.99 Crores.

However no provision has been made in the books of accounts of the Company of the lenders right to recompense for their sacrifices as the liability shall arise only at the time of exit from CDR.

**NOTE: XXXXI**

As per the Accounting Standard – 18 issued by the Institute of Chartered Accountants of India “Related Party Disclosure”. In view of this the Company has given the following disclosures for the year.

The Company has identified the related parties having transactions during the year, as per detail given below. No provision for doubtful debts is required to be made & no amount was written off during the year.

A) Related Party and their relationship**Key Management Personnel**

Mr. Amarjit Goyal
Mr. Krishan Kumar Goyal
Mr. P.L. Talwar
Mr. Ashish Sharma

Relatives of Key Management personnel's (KMP)

Mrs. Alka Goyal, Mr. Aditya Goyal,
Mrs. Sonam Jhunjunwala

Enterprises over which KMP and relatives of such personnel are able to exercise significant influence

Amarjit Goyal HUF, Krishan Kumar Goyal HUF, M/s. Chandigarh Finance Pvt. Ltd., M/s. Modern Dairies Ltd., M/s. PHi Business Solutions Ltd., M/s. Nabha Commerce Pvt. Ltd., M/s. Indo Pacific Finlease Ltd., M/s. Modern Automotives Ltd.

B) Transactions with the related parties**(₹ in Lacs)**

Particulars	Key Management Personnel	Relatives of Key Management Personnel & their Enterprises	Associates
Remuneration including perks	1,00.32 (1,08.11)	- (-)	- (-)
Interest on unsecured loan	24.86 (29.92)	18.99 (6.63)	- (-)
Rent paid	- (-)	- (10.80)	- (-)
Loan taken	17.14 (-)	2,08.50 (35.00)	- (-)
Loan repaid	1,42.36 (-)	85.86 (5.44)	- (-)
Loan given	- (-)	1,01.00 (-)	- (75.00)
Loan received back	- (-)	1,01.00 (-)	- (1,02.29)
Interest income	- (-)	20.38 (-)	- (23.07)
Share of expenses received	- (-)	32.72 (32.47)	- (4.71)
Purchase of raw material	- (-)	6,80.15 (7.45)	- (5,19.24)
Job work paid	- (-)	38.68 (-)	- (-)
Job work received	- (-)	1,17.14 (-)	- (-)
Discount, rebate & allowances	- (-)	29.27 (-)	- (76.70)
Sales of finished products	- (-)	37,75.71 (-)	- (35,63.12)
Allotment of warrants	82.50 (1,07.50)	20.00 (9,60.00)	- (-)

NOTE: XXXXII

Figures for the previous year have been regrouped / rearranged wherever considered necessary.

As per our report of even date attached

For and on behalf of Board of Directors

For AARYAA & ASSOCIATES

Chartered Accountants
Firm Registration No. 0015935N

MUKESH SEHGAL

General Manager
(Corporate Finance) & CFO

KRISHAN KUMAR GOYAL

Director
(DIN: 00482035)

KRISHAN JOSHI

Partner
M.No 094478

ASHISH SHARMA

General Manager (Secretarial)
& Company Secretary

D.S. GILL

Director
(DIN: 00211236)

Place: Chandigarh
Dated: 28th May, 2015