
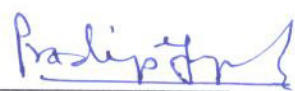
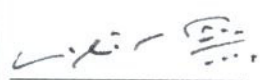



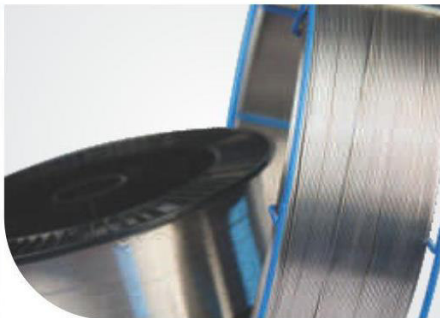
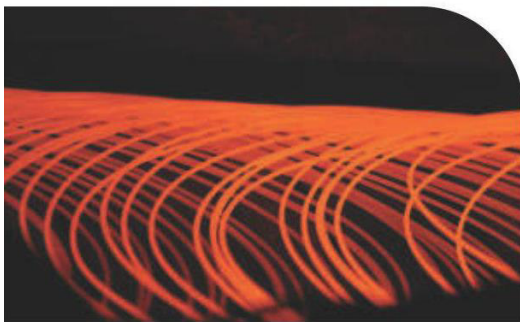
FORM – A

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

1.	Name of the Company	Panchmahal Steel Limited
2.	Annual Financial Statements for the year ended	31 st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	Signed by	
	<ul style="list-style-type: none"> • Managing Director 	<p>For Panchmahal Steel Limited</p>  <p>Ashok Malhotra Chairman & Managing Director</p>
	<ul style="list-style-type: none"> • Chief Financial Officer 	<p>For Panchmahal Steel Limited</p>  <p>Pradip H. Gupta Chief Financial Officer</p>
	<ul style="list-style-type: none"> • Auditor of the Company 	<p>For JRS Patel & Co.</p>  <p>Nitin Patni Partner</p>
	<ul style="list-style-type: none"> • Audit Committee Chairman 	<p>For Panchmahal Steel Limited</p>  <p>Amal Dhru Independent Director and Chairman – Audit Committee</p>



 **Panchmahal**
Steel Limited
Stainless Steel
WIRE ROD • BARS • WIRES



42nd
ANNUAL REPORT
2014 - 2015



BOARD OF DIRECTORS	: Mr. Ashok Malhotra - Chairman & Managing Director
	Mr. Mohanraj M. Singhi - Independent Director
	Mr. Nilesh Mehta - Independent Director
	Mr. Amal Dhru - Independent Director
	Mr. Milan Shah - Independent Director
	Ms. Suchita Shah - Non-Independent Director
	Mr. Hanish Malhotra - Director (Marketing)
	Mr. Pradeep Sharma - Director (Operations)
COMPANY SECRETARY	: Mr. Deepak Nagar
AUDITORS	: M/s J.R.S. Patel & Co. Chartered Accountants Vadodara.
BANKERS	: State Bank of India
REGISTERED OFFICE	: GIDC Industrial Estate, Kalol - 389 330 Dist. Panchmahals, Gujarat. Phone : +91 2676 304777 Fax : +91 2676 304889 Email : shares@panchmahalsteel.co.in website : www.panchmahalsteel.co.in CIN : L27104GJ1972PLC002153
CORPORATE OFFICE	: "Landmark", 7th Floor, Race Course Circle, Vadodara - 390 007.
REGISTRAR & TRANSFER AGENT	: M/s MCS Share Transfer Agent Limited 10, Aaram Apartment, 12, Sampatrao Colony, Behind Laxmi Hall, Alkapuri, Vadodara-390 007. Tel Nos.: 0265- 2314757, 2350490 Fax No.: 0265-2341639 E-mail : mcsLtdbaroda@yahoo.com, mcsLtdbaroda@gmail.com

**42nd Annual General Meeting to be held on
Monday, the 28th September, 2015 at 10.00
a.m. at the Registered Office of the Company
at GIDC Industrial Estate, Kalol-389 330,
Dist. Panchmahals, (Gujarat)**

CONTENTS

	Page No.
1. Notice	1
2. Directors' Report	13
3. Report on Corporate Governance.....	31
4. Independent Auditor's Report.....	44
5. Balance Sheet.....	48
6. Statement of Profit & Loss	49
7. Cash Flow Statement	50
8. Notes to the Financial Statements.....	51
9. Accounting Policies & Notes to Accounts	60

NOTICE

Notice is hereby given that the 42nd Annual General Meeting of the Members of Panchmahal Steel Limited will be held at the Registered Office of the Company situated at GIDC Industrial Estate, Kalol-389 330, Dist. Panchmahal, (Gujarat) on Monday, the 28th day of September, 2015 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2015 and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Pradeep Sharma (DIN : 00705862), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Hanish Malhotra (DIN : 00120310), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of auditors of the Company and to fix their remuneration and to pass the following resolution with or without modification(s) as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions and the Rules made thereunder, pursuant to the recommendations of the Audit Committee of the Board of Directors of the Company and pursuant to the Resolution passed by the members at the AGM held on 30th September, 2014, the appointment of M/s JRS Patel & Co., Chartered Accountants, Vadodara (Firm Registration No. 107709W) as Statutory Auditors of the Company to hold office till the conclusion of AGM to be held in the calendar year 2017 be and is hereby ratified and that the Board of Directors be and is hereby authorised to fix the remuneration payable to them for the financial year ending March 31, 2016 as may be determined by the audit committee in consultation with the auditors and the Board of Directors of the Company."

SPECIAL BUSINESS:

5. 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 161 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Ms. Suchita Shah (DIN : 00427169), who was appointed as an Additional Director of the Company with effect from 31st March, 2015 and who holds office up to the date of this Annual General Meeting 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 her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

6. 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 Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, 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), approval of the Company be and is hereby accorded to the re-appointment of Mr. Hanish Malhotra (holding DIN : 00120310) as a Whole-time Director, designated as Director (Marketing) of the Company, for a further period of 3 (Three) years with effect from February 01, 2015 on the terms and conditions of appointment and remuneration as set out in the draft agreement of the reappointment submitted to the meeting and initialled by the Chairman for identification and that he be paid remuneration by way of salary, perquisites and allowances as approved by the Board of Directors of the Company and the Nomination & Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors and the Nomination & Remuneration Committee be and are hereby severally authorized to alter and vary such terms of reappointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Hanish Malhotra and for this purpose the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary."

7. 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 Sections 196, 197, 198 & 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment and remuneration of Mr. Ashok Malhotra (holding DIN: 00120198) as Managing Director of the Company for a further period of 3 (Three) years with effect from April 01, 2015, upon the terms and conditions as set out in the draft agreement of the reappointment submitted to the meeting and initialled by the Chairman for identification and that he be paid remuneration by way of salary, perquisites and allowances as approved by the Board of Directors of the Company and the Nomination & Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors and the Nomination & Remuneration Committee be and are hereby severally authorized to alter and vary such terms of reappointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Ashok Malhotra and for this purpose the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary."

8. 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(3) and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No.00025), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016, amounting to Rs.1,50,000/- as also the payment of service tax as applicable and reimbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed."

9. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder, a new set of Articles of Association, placed before the Members, be and is hereby adopted and substituted in place of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to perform and execute all such acts, deeds, matters and things, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

Regd. Office :

GIDC Industrial Estate,
Kalol - 389 330,
Dist. Panchmahals (Gujarat)
CIN : L27104GJ1972PLC002153,
E-mail: shares@panchmahalsteel.co.in

By order of the Board of Directors

Deepak Nagar
GM (Legal) & Company Secretary

Vadodara, 5th August, 2015

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 5 to 9 of the Notice, is annexed hereto.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf

of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 22nd day of September, 2015 to Monday, the 28th day of September, 2015 (both days inclusive).
4. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participants (DPs). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, M/s MCS Share Transfer Agent Limited, Vadodara to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's RTA.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or its RTA for assistance in this regard.
6. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or its RTA, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
7. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
9. Members who have not yet encashed their dividend warrant(s) pertaining to the Dividend for the financial year 2009-10, 2010-11, 2011-12 & 2012-13 are requested to make their claims without any delay to the Company's Registrars and Transfer Agents, M/s MCS Share Transfer Agent Limited, Vadodara. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund.

Details of dividend to be transferred to Investors' Education & Protection Fund (IEPF) are as follows:

Dividend for the Financial year	Date of Declaration	Due for transfer to IEPF on
2009-10	31.07.2010	31.08.2017
2010-11	25.07.2011	25.08.2018
2011-12	16.07.2012	16.08.2019
2012-13	29.07.2013	29.08.2020

10. The Notice of the AGM along with the Annual Report 2014-15 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the RTA/Depositories.
12. The Securities and Exchange Board of India (SEBI) has made it mandatory for every participant in the securities/capital market to furnish Income Tax Permanent Account Number (PAN) for transactions involving transfer of shares. Therefore, members holding shares in physical mode are requested to furnish their PAN along with photocopy of PAN Card to the Company's Registrar and Transfer Agent. Members holding shares in demat mode are requested to register the details of their PAN with their DPs.

13. INSTRUCTIONS FOR E- VOTING

Pursuant to Section 108 of the Companies Act, 2013 read with Companies (Management and administration) Rules, 2014, as amended from time to time, and Clause 35B of the Listing Agreement (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Company is pleased to provide its members the facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 42nd Annual General Meeting of the Company. The Company has provided e-voting facility to the members using the Central Depository Services Limited (CDSL) platform. Accordingly, the members may exercise his/her vote by electronic means through the electronic voting system.

The facility for voting, either through electronic voting system or through ballot/polling paper shall also be made available at the venue of the 42nd Annual General Meeting. The members attending the meeting, who have not already cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the Annual General Meeting.

Procedure for E-Voting

- (i) The voting period begins on **Friday, 25th September, 2015 (9.00 a.m. IST)** and ends on **Sunday, 27th September, 2015 (5.00 p.m. IST)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **21st September, 2015**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding shares as on **21st September, 2015** (cut-off date) may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com. If the member is already registered with CDSL e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholder) " Members who have not updated their PAN with the Company/Depository Participant are requested to use the serial number printed in address slip pasted on Annual Report.
Date of Birth	Enter the Date of Birth as registered with the DP/RTA in dd/mm/yyyy format. OR
Dividend Bank Details	Enter the Dividend Bank Details as recorded with your DP/RTA. "Please Note that in respect of Physical shareholding and whose Date of Birth or Dividend Bank Details are not registered with DP/RTA should enter No. of Shares held by you as on the cut-off date i.e. 21st September, 2015 .

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other

- company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xii) Click on the EVSN i.e. **150807003** of the Company "PANCHMAHAL STEEL LIMITED" on which you choose to vote.
 - (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
 - (xviii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xix) Note for Non-Individual Shareholders & Custodians:
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

Other Instructions:

- i. E-voting is optional. The E-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on **21st September, 2015**.
- ii. Mr. Niraj Trivedi, Practicing Company Secretary (Membership No. 3844 and CP No. 3123) (Address : 218-219, Saffron Complex, Fatehgunj, Vadodara - 390002) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- iii. The copy of the Notice convening the 42nd Annual General Meeting has been placed on the website of the Company viz. www.panchmahalsteel.co.in and also on the website of CDSL.
- iv. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unlock the votes through e-voting in the presence of at least two (2) witnesses, not in the employment of the Company and make, not later than Two (2) days from the conclusion of the meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman of the Company, who shall countersign the same.
- v. The scrutiniser shall submit his report to the Chairman, who shall declare the result of the voting. The results declared along with the scrutiniser's report shall be placed on the Company's website: www.panchmahalsteel.co.in and on the website of CDSL www.evoting.cdsl.com and shall also be communicated to the stock exchange. The resolution shall be deemed to be passed at the Annual General Meeting of the Company Scheduled to be held on **Monday, 28th September, 2015**.

EXPLANATORY STATEMENT

(Pursuant to Section 102 of the Companies Act, 2013)

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 9 of the accompanying Notice:

Item No. 5 :

Section 149 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement requires that every listed company shall have at least one woman director.

Accordingly, the Board of Directors, in its meeting held on 31.03.2015, in terms of the recommendation of the Nomination and Remuneration Committee in its meeting held on 31.03.2015, have approved the appointment of Ms. Suchita Shah as an Additional Director of the Company.

In accordance with the provisions of Section 161 of Companies Act, 2013, Ms. Suchita Shah shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as a Non-Independent and Non-Executive Director of the Company. The Company has received notice under Section 160 of the Companies Act, 2013 from a member of the Company signifying her candidature as a Non-Independent & Non-Executive Director of the Company. The Board of Directors of the Company are of the opinion that she is fit and proper person to hold the said office and her appointment will be in the interest of the Company.

The brief profile of Ms. Suchita Shah together with other details as required under Clause 49 of the Listing Agreement is provided in the Annexure to this notice.

None of the Directors or Key Managerial Personnel and their relatives, except Ms. Suchita Shah, is concerned or interested (financially or otherwise) in this Resolution. The Board commends the Ordinary Resolution set out at Item no. 5 for approval of the Members.

Item No. 6 :

Resolution under Item No. 6 of the Notice relates to the re-appointment of Mr. Hanish Malhotra as Director (Marketing) of the Company for a further period of three years and approval of his remuneration and terms of reappointment.

The Nomination and Remuneration Committee, at its meeting held on 12th February, 2015, had recommended the re-appointment of Mr. Hanish Malhotra as Director (Marketing) of the Company and terms of remuneration payable to him for a further period of three years from 1st February, 2015 to 31st January, 2018.

The Board of Directors, at its meeting held on 12th February, 2015, had approved the same. The Nomination and Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his re-appointment will be in the interest of the Company.

The main terms and conditions regarding the re-appointment and payment of remuneration and perquisites proposed to be paid to Mr. Hanish Malhotra from the date of his re-appointment are set out in the draft Agreement. The said terms were approved by the Nomination & Remuneration Committee of the Company and on its recommendation the same were approved by the Board of Directors, subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting.

The said draft agreement, inter alia, contains the following terms and conditions:

1. Period of Appointment: From 1st February, 2015 to 31st January, 2018.
2. **Remuneration:**
 - a) **Salary:** Rs. 2,50,000/- per month.
 - b) **Perquisites :** Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company's furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water and furnishings, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave travel assistance, encashment of leave, provident fund, superannuation fund and gratuity in accordance with the applicable rule(s) and scheme(s) of the Company.

The total remuneration by way of salary, allowances and perquisites shall be restricted to an overall ceiling limit of Rs.5,00,000/- per month. Following perquisites shall not be included for computation of aforesaid ceiling on remuneration:

- (i) Contribution to Provident Fund, Superannuation Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable at the rate not exceeding half a month salary for each completed year of service; &
- (iii) Encashment of leave at the end of tenure.

3. **Minimum Remuneration :**

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Director (Marketing), the Company has no profits or its profits are inadequate, the payment of salary, perquisites, allowances and all other payments shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013.

The abovementioned remuneration may be altered, amended, varied, enhanced or modified from time to time by the Board of Directors of Company or the Nomination and Remuneration Committee as it may, in its discretion, deem fit, within the maximum amount payable to Managing and Whole time Directors in accordance with the provisions of the Companies Act, 2013, including those of Schedule V or any amendments thereto made hereafter in this regard within the overall limits approved by the Company in General Meeting.

- 4. The period of office of Mr. Hanish Malhotra shall be liable to determination by retirement of directors by rotation. If Mr. Hanish Malhotra is re-appointed as a director, immediately on retirement by rotation, he shall continue to hold office of Director (Marketing) and such re-appointment as director shall not be deemed to constitute break in his appointment as Director (Marketing).
- 5. As long as Mr. Hanish Malhotra functions as Director (Marketing), no sitting fee to be paid to him for attending the meetings of the Board of Directors or committee(s) thereof.
- 6. The said appointment may be terminated by either party by giving the other three calendar months' notice in writing.
- 7. The Director (Marketing) shall look after overall marketing functions of the Company subject to the superintendence, control and direction of the Managing Director.

Other terms and conditions of the Agreement are such as are customarily contained in an agreement of similar nature.

The terms and conditions of appointment of Mr. Hanish Malhotra as set out above may also be treated as an abstract of the terms of the Agreement to be executed between Mr. Hanish Malhotra and the Company under Section 190 of the Companies Act, 2013.

The Agreement to be executed between Mr. Hanish Malhotra and the Company is available for inspection by any member of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day upto the date of the Annual General Meeting.

The brief profile of Mr. Hanish Malhotra together with other details as required under Clause 49 of the Listing Agreement is provided in the Annexure to this notice.

Since the resolution at Item No. 6 relates to payment of remuneration to Mr. Hanish Malhotra, he is deemed to be concerned or interested in the said resolution. None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. Ashok Malhotra being related to Mr. Hanish Malhotra, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

Item No. 7 :

The members, at the 39th Annual General Meeting held on 16th July, 2012 had approved the appointment of Mr. Ashok Malhotra as Managing Director for a period of 3 (three) years with effect from 1st April, 2012, subject to the approval of the Central Government. Later, the Central Government had vide its letter dtd. 27.02.2014 accorded its approval for the re-appointment and remuneration payable to Mr. Malhotra.

The Nomination and Remuneration Committee, at its meeting held on 31st March, 2015, had recommended the re-appointment of Mr. Ashok Malhotra as Managing Director of the Company and terms of remuneration payable to him for a further period of three years from 1st April, 2015 to 31st March, 2018.

The Board of Directors, at its meeting held on 31st March, 2015, had approved the same. The Nomination and Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his re-appointment will be in the interest of the Company.

The main terms and conditions regarding the re-appointment and payment of remuneration and perquisites proposed to be paid to Mr. Ashok Malhotra from the date of his re-appointment are set out in the draft Agreement. The Remuneration Committee of the Company approved the said terms and on its recommendation the same were approved by the Board of Directors, subject to the approval of the Shareholders of the Company and the Central Government, if required.

The said draft Agreement, inter alia, contains the following terms and conditions:

1. Period of Appointment: From 1st April, 2015 to 31st March, 2018.
2. Remuneration:
 - a. Salary : Rs.6,50,000/- (Rupees Six lacs Fifty Thousand only) per month.
 - b. Perquisites :
 - (i) In addition to the salary payable, the Managing Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water and furnishings and repairs, all of which may be hired or owned; medical reimbursement; club fees and leave travel concession for himself and family; medical insurance, personal accident insurance and such other perquisites and allowances in accordance with rules of the Company or as may be agreed to by the Board of Directors and the Managing Director. Such perquisites and allowances will be subject to maximum of Rs.3,50,000/- per month.
 - (ii) For the purpose of calculating the above ceiling, perquisite and allowances shall be evaluated as per Income tax Rules, wherever applicable; in the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost or hire charges.
 - (iii) Provision for use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in computation of perquisites for the purpose of calculating the said ceiling.
 - (iv) As per Section IV of Schedule V of the Companies Act, 2013, the following perquisites shall not be included in the computation of the ceiling on remuneration as specified in Section II of Part II of the said Schedule:
 - a) contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income tax Act, 1961 (43 of 1961);
 - b) gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
 - c) encashment of leave at the end of the tenure
 - c. Commission :
Commission on profits, not exceeding 2% of the net profit of the Company for that financial year of the Company as the Board or its committee at the end of each financial year may determine, subject to overall ceiling as provided under Section 197 of the Companies Act, 2013. The commission payable to the managing Director will be determined at the end of each financial year and will be payable annually after the annual accounts have been approved by the Board of Directors and adopted by the members.
 - d. Minimum Remuneration:
Notwithstanding anything contained herein, where in any financial year, during the currency of tenure of the Managing Director the company has no profit or its profits are inadequate, the company will pay him the above stated remuneration and perquisites as minimum remuneration.
3. The period of office of Mr. Ashok Malhotra shall be liable to determination by retirement of directors by rotation. If Mr. Ashok Malhotra is re-appointed as a director, immediately on retirement by rotation, he shall

continue to hold office of Managing Director and such re-appointment as director shall not be deemed to constitute break in his appointment as Managing Director.

4. As long as Mr. Ashok Malhotra functions as Managing Director, no sitting fee to be paid to him for attending the meetings of the Board of Directors or committee(s) thereof.
5. The said appointment may be terminated by either party by giving the other three calendar months' notice in writing.
6. The Managing Director shall look after overall operations of the Company subject to the superintendence, control and direction of the Board of Directors of the Company.

Other terms and conditions of the Agreement are such as are customarily contained in an agreement of similar nature.

The terms and conditions of re-appointment of Mr. Ashok Malhotra as set out above may also be treated as an abstract of the terms of the Agreement to be executed between Mr. Ashok Malhotra and the Company under Section 190 of the Companies Act, 2013.

The Agreement to be executed between Mr. Ashok Malhotra and the Company is available for inspection by any member of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day upto the date of the Annual General Meeting.

The brief profile of Mr. Ashok Malhotra together with other details as required under Clause 49 of the Listing Agreement is provided in the Annexure to this notice.

Since the resolution at Item No. 7 relates to payment of remuneration to Mr. Ashok Malhotra, he is deemed to be concerned or interested in the said resolution. None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. Hanish Malhotra being related to Mr. Ashok Malhotra, is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7.

Additional Information pursuant to Part II of Schedule V to the Companies Act, 2013 for Item No. 7 of the Notice are furnished hereunder.

I. General Information:

- (i) Nature of Industry:

The Company manufactures a comprehensive range of Stainless Steel grades, in hot rolled wire rod & bars and cold finished bars & wires.

- (ii) Date /expected date of commencement of commercial production:

The Company's plant for manufacture of Stainless Steel is already in commercial production. The commercial production was started in November, 1973.

- (iii) Financial Performance based on given indicators:

The financial performance of the Company as reflected by total income, profit, earning per share and dividend recommended for the financial year ended 31st March, 2015 is as under:-

	<u>(Rs. in crores)</u>	
Turnover & Other Income		391.66
Profit/Loss before Tax		(5.61)
Profit/Loss for the year		(3.53)
Earnings Per share		(1.85)
Rate of Dividend		N.A.
(iv) Export Performance & Foreign Exchange Earning/ Outgo:		(Rs. in crores)
	<u>2014-15</u>	<u>2013-14</u>
FOB value of Exports	94.54	73.26
CIF value of Import	190.36	166.76
Other Expenditure in Foreign Currency	0.82	0.90
(v) Foreign Investment or Collaborators, if any:		
Not Applicable		

II. Information about the Appointees

Nature of Information									
Background Details	Mr. Ashok Malhotra, aged 63 years, is a Commerce Graduate and has been involved with Company's management since 1976 and is well-versed with all aspects of the industry. He has more than 40 years of experience in the steel industry and has been instrumental in establishing the Company name as a qualitative and reliable manufacturer in the global market.								
Past Remuneration	<table border="1"> <thead> <tr> <th>Year</th> <th>Rs. in lacs</th> </tr> </thead> <tbody> <tr> <td>2012-13 :</td> <td>120.00</td> </tr> <tr> <td>2013-14 :</td> <td>126.96</td> </tr> <tr> <td>2014-15 :</td> <td>126.66</td> </tr> </tbody> </table> <p>(As per the approval of the Central Government u/s 269, 198/309 of the Companies Act, 1956.)</p>	Year	Rs. in lacs	2012-13 :	120.00	2013-14 :	126.96	2014-15 :	126.66
Year	Rs. in lacs								
2012-13 :	120.00								
2013-14 :	126.96								
2014-15 :	126.66								
Recognition or Awards	He was a past President of Indian Stainless Steel Association of India.								
Job Profile & Suitability	<p>He is serving as Managing Director of the Company since 18th February, 1976. He is responsible for overall affairs of the Company including strategic planning, direction, operations, finance & corporate affairs.</p> <p>He has sound knowledge of the steel industry, marketing, business process and contemporary management techniques.</p>								
Remuneration proposed	The proposed remuneration is within the limits specified in Section-II of Part II of Schedule V of the Companies Act, 2013 and has been elaborated in the explanatory statement.								
Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person	<p>The remuneration proposed takes into consideration the nature and size of business operations, the qualifications, experience and contribution of the appointees to all round growth of the Company besides present industry benchmarks for payment of managerial remuneration by companies of comparable size and nature of business.</p> <p>The remuneration proposed to be paid is reasonable and commensurate with the remuneration packages paid to similar senior level appointees in other companies. The proposed remuneration was recommended to the Board of Directors by the Nomination & Remuneration Committee after elaborate discussion.</p>								
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	Does not have any pecuniary relationship with the Company except remuneration drawn as Managing Director and as a shareholder to the extent of his shareholding in the Company. Mr. Ashok Malhotra and Mr. Hanish Malhotra are related to each other.								

III. Other Information

Reasons of Loss or Inadequate Profit	The Stainless Steel industry is passing through a challenging time on account of the global recessionary trends and volatility in all commodity prices, resulting into lower realisations as compared to input costs.
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Steps taken or proposed to be taken for improvement	The Company continues to improve its operating efficiencies.
Expected increase in productivity and profits in measurable terms	The global market continues to be sluggish and unpredictable. The Company look forward to improve the performance as the economic climate gets positive.

IV. Disclosures

The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading "Remuneration of Directors" for the year ended 31st March, 2015

Item No. 8 :

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No. 00025), to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors.

None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Ordinary Resolution set out at Item no. 8 for the approval of Members.

Item No. 9 :

The Articles of Association of the Company currently in force were originally adopted when the Company was incorporated under the Companies Act, 1956.

The Articles of Association were amended from time to time in accordance with the provisions of the Companies Act, 1956. With the introduction of the Companies Act, 2013, it is proposed to amend the existing Articles of Association to make it consistent with the provisions of Companies Act, 2013 including the Rules framed thereunder.

A copy of the proposed set of new Articles of Association of the Company would be available for inspection at the Registered Office of the Company during the business hours on any working day, up to the date of the Annual General Meeting and during the Annual General Meeting. The proposed draft Articles of Association is available on the Company's website at www.panchmahalsteel.co.in for perusal by the shareholders.

None of the Directors or Key Managerial Personnel and the relatives, are concerned or interested (financially or otherwise) in this Resolution. The Board commends the Special Resolution set out at Item No. 9 for the approval of members.

Regd. Office :

GIDC Industrial Estate,
Kalol - 389 330,
Dist. Panchmahals (Gujarat)
CIN : L27104GJ1972PLC002153,
E-mail: shares@panchmahalsteel.co.in

By order of the Board of Directors

Deepak Nagar
GM (Legal) & Company Secretary

Vadodara, 5th August, 2015

Annexure to the Notice of Annual General Meeting

Information pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchanges regarding appointment/re-appointment of Directors.

Name of Director	Mr. Ashok Malhotra	Mr. Hanish Malhotra	Mr. Pradeep Sharma	Ms. Suchita Shah
Date of Birth	27.08.1952	21.09.1976	01.10.1964	22.12.1952
Date of Appointment	01.12.1976	01.02.2006	26.10.2005	31.03.2015
Qualifications	B.Com.	BBA	B.Com., LL.B.	B.A.
Expertise in specific functional areas	Mr. Ashok Malhotra is one of the promoter directors of the Company. He has more than 40 years of experience in the steel industry and has expertise in business process, marketing and contemporary management techniques.	Having more than 10 years of experience of international market in steel industry. He is responsible for marketing of Company's products both globally and indigenously.	Responsible for overall operations at the Plant besides Corporate Management, Procurement & commercial activities of the Company.	Ms. Suchita Shah, an educationist, has more than 35 years of experience in the field of administration, corporate and social affairs. She has been associated with Company since 1994 and served in the Company, holding senior management positions.
Directorships in other Companies as on 31.03.2015	AMIL Enterprises (P) Ltd. Honeyvick Enterprises (P) Ltd.	AMIL Enterprises (P) Ltd.	N.A.	Honeyvick Enterprises (P) Ltd
Chairman / Member of other Committees of Companies as on 31.03.2015	N.A.	N.A.	N.A.	N.A.
Shareholding of Director as on 31.03.2015	13,38,432 Equity Shares	4,54,900 Equity Shares	100 Equity Shares	1,900 Equity Shares
Relationship between Directors inter-se	Related to Mr. Hanish Malhotra.	Related to Mr. Ashok Malhotra	--	--

DIRECTORS' REPORT

To,
The Members

Your Company's Directors are pleased to present the 42nd Annual Report of the Company together with the Statement of Audited Accounts for the Financial Year ended 31st March, 2015.

FINANCIAL RESULTS

(Rs. in crores)

Particulars	Year ended 31.03.2015	Year ended 31.03.2014
Revenue from Operations	390.61	326.92
Operating Expenses	380.06	316.28
Operating Profit before Interest, Tax, Depreciation & Amortization	10.55	10.64
Depreciation & Amortization Expense	8.65	6.85
Finance Costs	10.66	9.34
Other Income	1.05	0.99
Profit/(Loss) before Exceptional & Extraordinary Items and Tax	(7.71)	(4.56)
Exceptional & Extraordinary Items	2.10	1.60
Profit/(Loss) before Tax	(5.61)	(2.96)
Tax Expense (including Deferred Tax)	(2.07)	(1.13)
Profit/(Loss) after Tax	(3.53)	(1.82)
Balance brought forward from the previous year	37.12	39.05
Balance available for appropriation	33.59	37.23
<u>Appropriations:</u>		
Adjustment relating to Fixed Assets	0.79	--
Compensation in lieu of Dividend	--	0.11
Balance carried to Balance Sheet	32.80	37.12

TRANSFER TO RESERVES

No amount has been transferred to the Reserves in view of losses incurred during the year under review,

STATE OF COMPANY AFFAIRS/REVIEW OF OPERATIONS

The sales and other income of the Company is Rs.391.66 crores as against Rs.327.91 crores in the previous year. The operating profit is Rs.10.55 crores as compared to Rs.10.64 crores in the previous year.

The Stainless Steel industry is passing through a challenging time on account of the global recessionary trends and volatility in all commodity prices, resulting into lower realisations as compared to input costs. The Company continues improve its operating efficiencies and look forward to improve the performance as the economic climate gets positive.

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statements relate and the date of this Report.

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March, 2015

SHARE CAPITAL

The paid-up Equity Share Capital of your Company as on March 31, 2015 was Rs.19.08 crores. The Company has not issued shares with differential voting rights/Bonus Shares nor has granted stock options/sweat equity and has not bought back any of its securities during the year under review.

FIXED DEPOSITS

The Company has not accepted or renewed any deposits during the year. There are no outstanding and overdue deposits as at 31st March, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors affirm that the audited accounts containing financial statements for the financial year 2014-15 are in full conformity with the requirements of the Companies Act, 2013. They believe that the financial statements reflect fairly, the form and substances of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These statements are audited by the statutory auditors M/s JRS Patel & Co., Chartered Accountants, Vadodara.

Your Directors further confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they have selected such accounting policies and applied them consistently and made judgements 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 March 31, 2015 and of the profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the 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 fraud and other irregularities;
- d) they have prepared the annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI.

As per Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report, Management Discussion and Analysis and the Auditor's Certificate regarding compliance of conditions of Corporate Governance are attached separately and form part of the Annual Report. A Certificate of the CEO and CFO of the Company in terms of sub-clause IX of Clause 49 of Equity Listing Agreement, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 with regard to corporate social responsibility are not applicable to the Company in view of losses incurred by the Company during two preceding financial years. The Corporate Social Responsibility Policy and the Committee shall be framed and constituted as and when required.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your company has not directly or indirectly:

- a) given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials if any,
- b) given any guarantee or provide security in connection with a loan to any other body corporate or person; and
- c) acquired by way of subscription purchase or otherwise, the securities of any other body corporate exceeding sixty percent, of its paid-up share capital, free reserve and securities premium account or one hundred percent of its free reserves and securities premium account whichever is more.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

There were no related party transactions entered into during the financial year under section 188 of Companies Act, 2013.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in Directors and Key Management Personnel

The Board of Directors have re-appointed Mr. Hanish Malhotra as Director (Marketing) w.e.f. 1st February, 2015 for a period of 3 years and Mr. Ashok Malhotra as Managing Director of the Company w.e.f. 1st April, 2015 for a period of 3 years. The re-appointments are subject to the approval of members at the ensuing Annual General Meeting.

The Board of Directors have also appointed Ms. Suchita Shah as an Additional Director w.e.f. 31st March, 2015, to hold office up to the date of forthcoming Annual General Meeting. Ms. Suchita Shah offers herself to be appointed as the Non-Independent and Non-Executive Director of your Company liable to retire by rotation. Her appointment is proposed to be regularized in the ensuing Annual General Meeting.

In accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder, Mr. Pradeep Sharma and Mr. Hanish Malhotra retires by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Pursuant to Section 203 of the Companies Act, 2013, Mr. Pradip H. Gupta, Vice- President (Finance) of the Company has been designated as Chief Financial Officer of the Company w.e.f. 14th November, 2014.

The Company already has Mr. Ashok Malhotra, Managing Director and Mr. Deepak Nagar, GM (Legal) & Company Secretary as the other Key Managerial Personnel of the Company.

The details of training and familiarization programmes and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The policy on Director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of Director, and also remuneration for Key Managerial Personnel and other employees forms part of Corporate Governance Report of this Annual Report.

Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Number of Meetings of the Board of Directors and Audit Committee

During the year 5 (five) Board Meetings, 1 (one) Independent Directors' meeting and 4 (four) Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. JRS Patel & Co., Chartered Accountants, Vadodara were appointed as Statutory Auditors of your Company at the last Annual General Meeting held on 30th September, 2014 for a term of three consecutive years. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of Auditors is required to be ratified by Members at every Annual General Meeting.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report and hence, do not call for any comments under Section 134(3)(f) of the Companies Act, 2013.

Internal Auditors

Your Company has appointed M/s. Saurabh Shah & Co., Chartered Accountants, Vadodara as Internal Auditors to carry out the Internal Audit of various operational areas of the Company.

Cost Auditors

M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, the Cost Auditors of the Company carried out the audit of cost records for steel Plant of the Company during the year. The Board of Directors have appointed M/s. Kiran J. Mehta & Co., Cost Accountants for the financial year 2015-16. The Cost Audit Report for the Financial Year 2013-14 was filed with the Ministry of Corporate Affairs on September 11, 2014.

Secretarial Auditor

During the year, Secretarial Audit was carried out by M/s Niraj Trivedi, Practising Company Secretary, Vadodara, the Secretarial Auditor of the Company for the financial year 2014-15. There were no qualifications, reservation or adverse remarks given by Secretarial Auditors of the Company. The Secretarial Audit Report is appended as "Annexure-A" to this Report.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as "Annexure-B" to this Report.

AUDIT COMMITTEE

During the year, the Board has accepted all recommendations of Audit Committee and accordingly no disclosure is required to be made in respect of non-acceptance of the recommendation of the Audit Committee by the Board.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has a vigil mechanism named Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company.

RISK MANAGEMENT POLICY

Your Company has formed the Risk Management Policy in accordance with the requirements of Clause 49 of the Listing Agreement. The Policy ensures appropriate risk management within its systems and culture. The Board of Directors and the Audit Committee of the Company periodically reviews the Risk Management Policy of the Company. At present the Company has not identified any element of risk which may threaten the existence of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. These systems are routinely tested by Statutory as well as Internal Auditors. Significant audit observations, if any and follow up actions thereon are reported to the Audit Committee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & 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-C" to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is annexed as "Annexure-D" to this Report.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as "Annexure-E" to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators /Courts which would impact the going concern status of the Company and its future operations.

SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANY

Your Company does not have any subsidiary, joint venture or associate Company.

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy against sexual harassment in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder.

During the financial year 2014-15, the company has not received any complaints on sexual harassment and hence no complaints remain pending as of 31 March, 2015.

APPRECIATION

Your Directors thank the Banks, Financial Institutions, Shareholders, Customers and Suppliers for their co-operation and support to the Company. The Directors express their sincere appreciation for the dedication and commitment of all its employees.

For and on behalf of the Board of Directors

Place : Vadodara
Date : 5th August, 2015

Ashok Malhotra
Chairman & Managing Director

“Annexure-A” to Directors Report

SECRETARIAL AUDIT REPORT

(For the Financial year ended on 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
PANCHMAHAL STEEL LTD
GIDC Industrial Estate,
Kalol-389 330, Dist. Panchmahals, Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. PANCHMAHAL STEEL LIMITED (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's 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, We hereby report that in 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, minute books, forms and returns filed and other records maintained by the company 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;
- (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 Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - (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;-Not Applicable for this year.
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;-Not applicable for this year.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not applicable for this year.
 - (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 -Not applicable for this year.

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not applicable for this year.
- (vi) Other applicable laws - we have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations 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.
- (ii) The Listing Agreements entered into by the Company with BSE Ltd, Mumbai.

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

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 provision 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.

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, there were no instances of:

- (i) Public/ Rights/ Preferential issue of shares/ debentures/ sweat equity
- (ii) Redemption/ buy-back of securities.
- (iii) Merger/ amalgamation/ reconstruction etc.
- (iv) Foreign technical collaborations.

Place: Vadodara

Date: 5th August 2015

Name of PCS : **NIRAJ TRIVEDI**

C. P. No.: 3123

This 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 Secretarial Audit Report

To,
The Members
PANCHMAHAL STEEL LTD
GIDC, Industrial Estate,
Kalol- 389 330,
Dist. Panchmahals, Gujarat.

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 processes 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 processes 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. Where ever 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 procedures 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: Vadodara
Date: 5th August 2015

Name of PCS : **NIRAJ TRIVEDI**
C. P. No.: 3123

“Annexure-B” to Directors’ Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L27104GJ1972PLC002153
2.	Registration Date	12th September, 1972
3.	Name of the Company	Panchmahal Steel Limited
4.	Category/Sub-category of the Company	Public Limited Company
5.	Address of the Registered office & contact details	GIDC Industrial Estate, Kalol-389 330 Dist. Panchmahals, Gujarat. Phone No. : 02676 -3041777 Fax No. : 02676 304889 E-mail : shares@panchmahalsteel.co.in Website : www.panchmahalsteel.co.in
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	m/s MCS Share Transfer Agents Limited 10, Aram Apartment, 12, Sampatrao Colony, B/h. Laxmi Hall, Alkapuri, Vadodara-390 007 Phone : 0265-2314757, 2350490 Fax : 0265-2341639 E-mail : mcsltdbaroda@gmail.com; mcsltdbaroda@yahoo.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 / services	NIC Code of the Product/service the company	% to total turnover of
1.	Bars & Rods of Stainless Steel , Hot -Rolled, in irregularly wound coils	7221	35.79%
2.	Other Bars & Rods of Stainless Steel	7222	30.52%
3.	Wires of Stainless Steel	7223	32.51%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name & Address of the Company	CIN/GLN	% of Shares held
Not Applicable			

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 1-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total % of Total Shares	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	2217552	Nil	2217552	11.62%	2217552	Nil	2217552	11.62%	Nil
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	10325311	-	10325311	54.12	10339556	Nil	10339556	54.20%	0.08%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	12542863	-	12542863	65.74%	12557108	Nil	12557108	65.82%	0.08%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds Nil	5700	5700	0.03%	Nil	5700	5700	0.03%	Nil	
b) Banks / FI 3949174	200	3949374	20.70%	3929634	200	3929834	20.60%	(0.10%)	
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	331000	Nil	331000	1.73%	331000	Nil	331000	1.73%	Nil
g) FIs	Nil	1000	1000	0.01%	Nil	1000	1000	0.01%	Nil
h) Foreign VC Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	4280174	6900	4287074	22.47%	4260634	6900	4267534	22.37%	(0.10%)
2. Non-Institutions									
a) <u>Bodies Corporate</u>									
i) Indian	1628804	3300	1632104	8.55%	1632076	3300	1635376	8.57%	0.02%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) <u>Individuals</u>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	300227	204505	504732	2.65%	322895	199205	522100	2.74%	0.09%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	95149	Nil	95149	0.50%	78948	Nil	78948	0.41%	(0.09%)
c) <u>Others</u>									
HUF	15887	Nil	15887	0.08%	16562	Nil	16562	0.09%	0.01%
Non Resident Indians	530	Nil	530	0.00%	701	Nil	701	0.00%	0.01%
OCBs	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	2040587	207805	2248392	11.79%	2051182	202505	2253687	11.81%	0.02%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	6320761	214705	6535466	34.26%	6311816	209405	6521221	34.18%	(0.08%)
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	18863624	214705	19078329	100.00%	18868924	209405	19078329	100.00%	Nil

B) Shareholding of Promoter(s)-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 1-April-2014]			Shareholding at the end of the year [As on 31-March-2015]			% change in shareholding during the
		No. of Shares	% of total Shares of the	% of Shares Pledged / encumbered to	No. of Shares	% of total Shares of the	% of Shares Pledged / encumbered to	
1	Mr. Ashok Malhotra	1338432	7.02%	5.95%	1338432	7.02%	5.95%	-
2	Ashok R. Malhotra (HUF)	256000	1.34%	1.34%	256000	1.34%	1.34%	-
3	Mr. Hanish Malhotra	454900	2.38%	-	454900	2.38%	-	-
4	Mr. Vikas Malhotra	168220	0.88%	-	168220	0.88%	-	-
5	AMIL Enterprises (P) Ltd.	3527311	18.49%	16.19%	3527311	18.49%	16.19%	-
6	Honeyvick Enterprises (P) Ltd.	6798000	35.63%	2.06%	6812245	35.71%	2.06%	0.08%
	Total	12542863	65.74%	25.54%	12557108	65.82%	25.54%	0.08%

C) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year [As on 1-April-2014]		Cumulative Shareholding during the year [As on 31-March-2015]	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Honeyvick Enterprises (P) Limited				
	At the beginning of the year	6798000	35.63%	6798000	35.63%
	<u>Market Purchase</u>				
	- on 21.08.2014 : 7,245 Equity Shares	14245	0.08%	6812245	35.71%
	- on 25.08.2014 : 4,000 Equity Shares				
	- on 26.08.2014 : 3,000 Equity Shares				
	At the end of the year	-	-	6812245	35.71%

D) Shareholding Pattern of Top Ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year [As on 1-April-2014]		Cumulative Shareholding during the year [As on 31-March-2015]	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	ICICI Bank Limited	3194539	16.74%	3174999	16.64%
2.	Asset Reconstruction Company (India) Ltd.	789806	4.14%	789806	4.14%
3.	Gujarat Industrial Investment Corporation Ltd.	750329	3.93%	750329	3.93%
4.	Manohar Manek Alloys Private Limited	449739	2.36%	449877	2.36%
5.	Movies N More (India) Private Limited	378312	1.98%	377714	1.98%
6.	Life Insurance Corporation of India	331000	1.74%	331000	1.74%
7.	Haresh Babubhai Shah	19810	0.10%	19710	0.10%
8.	Mohak Haresh Shah	19663	0.10%	19663	0.10%
9.	Nitaben M. Patel	15250	0.08%	15250	0.08%
10.	Trupti Merchant	12300	0.06%	12300	0.06%

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Director or KMP	Shareholding at the beginning of the year [As on 1-April-2014]		Cumulative Shareholding during the year [As on 31-March-2015]	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Mr. Ashok Malhotra -Chairman & Managing Director At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	1338432 - -	7.02% - -	1338432 - 1338432	7.02% - 7.02%
2.	Mr. Mohanraj M. Singhi - Independent Director At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	- - -	- - -	- - -	- - -
3.	Mr. Nilesh Mehta - Independent Director At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	- - -	- - -	- - -	- - -
4.	Mr. Amal Dhru - Independent Director At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	- - -	- - -	- - -	- - -
5.	Mr. Milan Shah - Independent Director At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	200 - -	0.00% - -	200 - 200	0.00% - 0.00%
6.	Mr. Hanish Malhotra - Director (Marketing) At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	454900 - -	2.38% - -	454900 - 454900	2.38% - 2.38%

Sr. No.	Name of Director or KMP	Shareholding at the beginning of the year [As on 1-April-2014]		Cumulative Shareholding during the year [As on 31-March-2015]	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
7.	Mr. Pradeep Sharma - Director (Operations) At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	100 - -	0.00% - -	100 - 100	0.00% - 0.00%
8.	Ms. Suchita Shah - Non-Independent Director At the beginning of the year Market Sale - on 21.08.2014 : 5000 Equity Shares - on 25.08.2014 : 4000 Equity Shares - on 26.08.2014 : 3000 Equity Shares - on 28.08.2014 : 600 Equity Shares - on 01.09.2014 : 400 Equity Shares - on 02.09.2014 : 400 Equity Shares - on 03.09.2014 : 400 Equity Shares - on 04.09.2014 : 400 Equity Shares - on 26.09.2014 : 1 Equity Shares At the end of the year	16101 14201 -	0.08% 0.07% -	16101 - 1900	0.08% - 0.02%
9.	Mr. Pradip H. Gupta - CFO At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	- - -	- - -	- - -	- - -
10.	Mr. Deepak Nagar - GM (Legal) & Company Secretary At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): At the end of the year	- - -	- - -	- - -	- - -

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.
(Amt. in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year - (Working Capital)				
i) Principal Amount	51,22,90,217	-	-	51,22,90,217
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	5,94,005	-	-	5,94,005
Total (i+ii+iii)	51,28,84,222	-	-	51,28,84,222
Change in Indebtedness during the financial year				
* Addition	5,09,38,484	-	-	5,09,38,484
* Reduction	-	-	-	-
Net Change	5,09,38,484	-	-	5,09,38,484
Indebtedness at the end of the financial year				
i) Principal Amount	56,20,60,290	-	-	56,20,60,290
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	17,62,416	-	-	17,62,416
Total (i+ii+iii)	56,38,22,706	-	-	56,38,22,706

G. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:-
A. Remuneration to Managing Director, Whole-time Directors and /or Manager: (Amt. in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Ashok Malhotra	Mr. Hanish Malhotra	Mr. Pradeep Sharma	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	78,00,000	25,00,000	23,59,677	1,26,59,677
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	8,80,322	7,64,346	2,09,037	18,53,705
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	30,50,000	2,08,333	7,28,442	39,86,775
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others (contribution to PF & SAF)	9,36,000	3,00,000	5,98,161	18,34,161
	Total (A)	1,26,66,322	37,72,679	38,95,317	2,03,34,318
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013.			

B. Remuneration to other Director.

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. M.M.Singhi	Mr. Nilesh Mehta	Mr. Amal Dhru	Mr. Milan Shah	
1	<u>Independent Directors</u>					
	Fee for attending board committee meetings	90,000	60,000	1,30,000	1,20,000	4,00,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	90,000	60,000	1,30,000	1,20,000	4,00,000
2	<u>Other Non-Executive Directors</u>					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	90,000	60,000	1,30,000	1,20,000	4,00,000
	Total Managerial Remuneration (A+B)					2,07,34,318
	Ceiling as per the Act	Sitting Fees paid is within the limits specified under the Companies Act, 2013.				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Name of Key Management Personnel		Total Amount
		Mr. Pradip Gupta* Chief Financial Off.	Mr. Deepak Nagar Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,60,000	7,80,000	20,40,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,85,000	3,35,000	6,20,000
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	1,17,000	77,000	1,94,000
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others (Contribution to PF & SAF)	3,40,200	93,600	4,33,800
	Total (A)	20,02,200	12,85,600	32,87,800

* Mr. Pradip H. Gupta, Vice-President (Finance) has been designated as Chief Financial Officer w.e.f. 14.11.2014

XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any
A. Company					
Penalty Punishment Compounding			None		
B. Director					
Penalty Punishment Compounding			None		
C. Other Officers in Default					
Penalty Punishment Compounding			None		

For and on behalf of the Board of Directors

Place : Vadodara
Date : 5th August, 2015**Ashok Malhotra**
Chairman & Managing Director**“Annexure - C” to Directors’ Report****Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Accounts) Rules, 2014.****A) Conservation of Energy and Technology Absorption**

The Management is perusing energy conservation with considerable focus and commitment. Optimal utilization of various energy resources like power, fuel and oil is ensured by ongoing measures/steps that improve power factor and other consumption.

The Company has processes to measure, monitor and improve environmental performance through various initiatives focusing on energy, water and waste. Further the absorption and adaption of technology is an ongoing process in the Company.

The Company has not imported any technology during the year under review

B) Foreign Exchange Earnings and Outgo Description

(Rs. in crores)

Particulars	2014-15	2013-14
i. Foreign Exchange Earnings	94.54	73.26
ii. CIF Value of Imports	190.36	166.76
iii. Expenditure in Foreign Currency	0.82	0.90

For and on behalf of the Board of Directors

Place : Vadodara
Date : 5th August, 2015**Ashok Malhotra**
Chairman & Managing Director

“Annexure - D” to Directors’ Report

Statement pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2015.

Sr.No.	Particulars	Details
a)	Name of the Employee	Mr. Ashok Malhotra
b)	Designation of the Employee	Chairman & Managing Director
c)	Remuneration received	Rs.126.66 lacs
d)	Nature of Employment	Contractual
e)	Qualification of employee	B.Com.
f)	Experience of employee	43 years
g)	Date of commencement of employment	01.12.1976
h)	Age of employee	63 years
i)	Last employment held before joining the Company.	–
j)	% of Equity Shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) above	7.02%
k)	Whether any such employee is a relative of any director or manager of the company and is so, name of such director or manager.	Yes. He is a relative of Mr. Hanish Malhotra, Director (Marketing) of the Company.

Note: The remuneration to the Chairman & Managing Director has been paid in accordance with the approval of the Central Government.

“Annexure - E” to Directors’ Report

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Mr. Ashok Malhotra CMD	Mr. Hanish Malhotra Director (Marketing)	Mr. Pradeep Sharma Director (Operations)		
		73.52	21.89	22.61		
2	The % increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manger, if any of the Financial Year.	CMD	D(M)	D(O)	CFO	CS
		N.A.*	23.04%	27.99%	Nil	Nil
3	The % increase in the median remuneration of employees in the financial year.	The median remuneration of employees of the company during the financial year 2014-15 was Rs.1.72 Lacs per annum as compared to Rs.1.73 lacs for the financial year 2013-14.				
4	The number of permanent employees on the rolls of Company.	513				
5	The explanation on the relationship between average increase in remuneration and Company performance.	The Loss after Tax for the year 2014-15 was Rs.3.52 crores as against loss of Rs.1.82 crores in the financial year 2013-14. There was no increase in the remuneration of employees during the financial year 2014-15.				
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	We do not have a variable pay plan linking to the Company’s performance.				
7	Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.		2014-15	2013-14		
		Market Capitalisation	Rs.83.75 crores	Rs.260.99 Crores		
		PE Ratio	-23.73	-142.35		
		Last Public Offer	N.A.	N.A.		
		Market Price (Closing)	43.90	136.80		
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	% Increase in		2014-15	Justification/Remarks	
		Salaries of Employees		Nil		
		Managerial Remuneration		2.66%		
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	Particulars		% of Net Sales for F.Y. 2014-15		
		CMD		0.33%		
		Director (Marketing)		0.10%		
		Director (Operations)		0.10%		
		Chief Financial Officer		0.05%		
		Company Secretary		0.03%		
10	The key parameters for any variable component of remuneration availed by the directors.	Not Applicable				
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year and	Not Applicable				
12	Affirmation that the remuneration is as per the remuneration policy of the Company.	We affirm that the remuneration is as per the Remuneration Policy of the Company.				

*The remuneration to CMD has been paid as per the approval of the Central Government.

Report on Corporate Governance

1. Corporate Governance Philosophy

Your Company's philosophy on Corporate Governance encompasses the active observance of fair and ethical business practices ensuring transparency, accountability, integrity and the statutory compliance of various laws with the primary objective of enhancing the value of all its stakeholders. The Company is committed to good corporate governance by creating an environment based on professionalism, entrepreneurship and pursuit for excellence.

During the year under review, the Board continued its pursuit of achieving these objectives through the adoption of corporate strategies, prudent business plan and ensuring that the Company peruses policies and procedures to satisfying its legal and ethical responsibilities.

2. Board of Directors

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties.

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders.

Composition of the Board

The Board at present consist of eight (8) Directors, including the Executive Chairman. Out of these directors, four are Non-executive Independent Directors. The Composition of Board is in conformity with Clause 49 of the Listing Agreement which stipulates that at least half of the Board should comprise of Independent Directors if the Chairman of the Board is an Executive Chairman.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Company has had no pecuniary relations or transactions with the Non-Executive Directors.

The composition of the Board as at 31st March, 2015 is as under:

Name of Director	Category	Number of position held in other Public Limited Companies		
		Directorships	Committee Chairmanship	Committee Memberships
Mr. Ashok Malhotra	Non-Independent Executive Director	Nil	Nil	Nil
Mr. Nilesh Mehta	Independent Director	5	3	Nil
Mr. Mohanraj M. Singhi	Independent Director	Nil	Nil	Nil
Mr. Amal Dhru	Independent Director	2	Nil	Nil
Mr. Milan Shah	Independent Director	3	Nil	Nil
Mr. Hanish Malhotra	Non-Independent Executive Director	1	Nil	Nil
Mr. Pradeep Sharma	Non-Independent Executive Director	Nil	Nil	Nil
Ms. Suchita Shah	Non-Independent-Non-Executive Director	Nil	Nil	Nil

None of the directors is a member of more than ten committees or acting as Chairman of more than five committees across all companies in which he/she is a Director. As per declarations received, none of the directors serves as an independent director in more than 7 listed companies.

Board Meetings held and attendance of Directors

During the year under review, 5 (Five) Board Meetings were held on 29th May, 2014, 12th August, 2014, 14th November, 2014, 12th February, 2015 & 31st March, 2015. The Forty First Annual General Meeting was held on

30th September, 2014. The gap between two Board Meetings was within the maximum time gap prescribed in Clause 49 of the Listing Agreement. The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

Sr. No.	Name of the Director	No. of Board Meetings attended	Attendance at the AGM held on 30.09.2014
1.	Mr. Ashok Malhotra	5	Yes
2.	Mr. Nilesh Mehta	3	No
3.	Mr. Mohanraj M. Singhi	5	No
4.	Mr. Amal Dhru	5	Yes
5.	Mr. Milan Shah	4	No
6.	Mr. Hanish Malhotra	5	Yes
7.	Mr. Pradeep Sharma	5	Yes
8.	Ms. Suchita Shah*	-	Yes

*Ms. Suchita Shah has been appointed as Additional Director w.e.f. 31st March, 2015.

Independent Directors' Meeting

During the year under review, the Independent Directors met on February 12, 2015, inter alia, to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

Familiarization programme for Independent Directors

On appointment of an individual as Independent Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal induction & familiarisation program.

The Company has held familiarization programme for the Independent Directors by way of presentations by business heads of the Company and deliberations held on major developments in legal and regulatory areas. The Company's Policy of conducting the Familiarisation Program has been disclosed on the website of the Company at www.panchmahalsteel.co.in

COMMITTEES OF THE BOARD

The Board of Directors has constituted 3 Committees of the Board viz.

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

The Board determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman/Company Secretary. At each Board Meeting, minutes of these Committees are placed before the Directors for their perusal and noting.

The provisions of Section 135(1) of the Companies Act, 2013 with regard to Corporate Social Responsibility are not applicable to the company Therefore, the Company has neither constituted CSR Committee and nor has adopted the CSR policy.

I. Audit Committee

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with the requirements of Section 177 of the Companies Act, 2013 and as per revised Clause 49 of Equity Listing

Agreement (effective from October 1, 2014). The Audit Committee has been granted powers as prescribed under Clause 49 (III)(C) of the Listing Agreement.

Terms of Reference:

1. 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;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' 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;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. 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;
7. Review and monitor the auditor's independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. 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;
18. To review the functioning of the Whistle Blower mechanism;
19. 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;

20. 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.

The Composition of the Committee as at 31st March, 2015 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 4 Audit Committee Meetings were held on 29th May, 2014, 12th August, 2014, 14th November, 2014 & 12th February, 2015. The Attendance of Members at meetings was as under:

Sr. No.	Name	Status	Category	No. of Meetings	
				Held	Attended
1.	Mr. Nilesh Mehta*	Chairman	Independent Director	4	1
2.	Mr. Amal Dhru #	Chairman	Independent Director	4	4
3.	Mr. Milan Shah	Member	Independent Director	4	3
4.	Mr. Hanish Malhotra**	Member	Non-Independent Executive Director	4	2

* Mr. Nilesh Mehta has ceased as member w.e.f. 12th August, 2014

Mr. Amal Dhru has been appointed as Chairman w.e.f. 12th August, 2014

**Mr. Hanish Malhotra has been appointed as member w.e.f. 12th August, 2014

II. Nomination & Remuneration Committee

In compliance with Section 178 of the Companies Act, 2013, the Board of Directors of the Company has reconstituted the existing "Remuneration Committee" as "Nomination & Remuneration Committee" consisting of 4 Directors, three of them are Non-Executive-Independent Directors.

Terms of Reference of the Committee inter alia, include the following:

Nomination of Directors / Key Managerial Personnel / Senior Management

1. To evaluate and recommend the composition of the Board of Directors;
2. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down by the Committee;
3. Consider and recommend to the Board appointment and removal of directors, other persons in senior management and key managerial personnel (KMP);
4. Determining processes for evaluating the effectiveness of individual directors and the Board as a whole and evaluating the performance of individual Directors;
5. To administer and supervise Employee Stock Options Schemes (ESOS) including framing of policies related to ESOS and reviewing grant of ESOS, if any;
6. Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
7. To review HR Policies and Initiatives.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of the directors as well as of its Audit, Nomination and Remuneration Committees.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation, which reflected the overall engagement of the Board and its Committees with the Company.

Remuneration Policy for Directors, Key Managerial Personnel & other Employees

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a remuneration policy for Directors, Key Management Personnel and other employees as follows:

i) Non-Executive Directors :

Non-Executive Directors are paid a sitting fee of Rs.10,000 for every meeting of the Board or Committee thereof attended by them as member.

ii) Managing Directors, Key Managerial Personnel & Other Employees

The objective of the Remuneration Policy is directed towards having a compensation philosophy and structure that will reward and retain talent. The Remuneration to whole-time Directors and Key Management Personnel shall take into account the Company's overall performance, their contribution for the same and trends in the industry in general, in a manner which will ensure and support a high performance culture. The remuneration structure to other employees will have compensation policy so as to reward and retain talent.

The Company do not have stock option plans and hence such instruments do not form part of the remuneration package.

The Composition of the Nomination & Remuneration Committee as at 31st March, 2015 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 3 (Three) meeting of Nomination & Remuneration Committee were held on 12th August, 2014, 12th February, 2015 & on 31st March, 2015. The Attendance of Members at meetings was as under:

Sr. No.	Name	Category	No. of Meetings	
			Held	Attended
1.	Mr. Mohanraj M. Singhi, Chairman	Independent Director	3	3
2.	Mr. Nilesh Mehta, Member *	Independent Director	3	1
3.	Mr. Amal Dhru, Member	Independent Director	3	3
4.	Mr. Ashok Malhotra, Member **	Non-Independent Executive Director	3	2
5.	Mr. Milan Shah, Member***	Independent Director	3	1

* Mr. Nilesh Mehta ceased as member w.e.f. 12th August, 2014

**Mr. Ashok Malhotra has been appointed as member w.e.f. 12th August, 2014

***Mr. Milan Shah has been appointed as member w.e.f. 12th February, 2015

Remuneration of Directors for the year ended 31st March, 2015

Remuneration of Executive Directors is decided by the Board based on recommendations of Nomination & Remuneration Committee as per the remuneration policy of the Company, within the ceiling fixed by the shareholders or as approved by the Central Government.

The details of the remuneration paid to the Executive Directors for the year ended March 31, 2015 are as under:

(Rs. In lacs)

Remuneration Package	Mr. Ashok Malhotra	Mr. Hanish Malhotra	Mr. Pradeep Sharma
Salary & Allowances	102.00	25.00	28.92
Perquisites	15.30	9.73	4.05
Contribution to PF & SAF	9.36	3.00	5.98
Total	126.66	37.73	38.95

Details of sitting fees paid to the Non-executive Directors during the year ended March 31, 2015 and the shares in the Company held by them as on March 31, 2015 are as under:-

(Rs.in lacs)

Sr. No.	Name of Director	Sitting Fee	Equity Shares held
1.	Mr. Mohanraj M. Singhi	0.90	-
2.	Mr. Nilesh Mehta	0.60	-
3.	Mr. Amal Dhru	1.30	-
4.	Mr. Milan Shah	1.20	200
5.	Ms. Suchita Shah	-	1900
	Total	4.00	

The sitting fees paid to the Non-Executive Directors include sitting fees paid to Independent Directors for attending the meeting of the Independent Directors held on 27th March, 2015.

III. Stakeholders Relationship Committee

In compliance with Section 178(5) of the Companies Act, 2013, the Board of Directors of the Company has reconstituted the existing "Investors' Grievance Committee" as "Stakeholders Relationship Committee". The Committee has 3 Members comprising of 1 Independent Director and 2 Executive Directors.

Terms of reference of the Committee inter alia , include the following :

1. To specifically look into the redressal of Investors' Grievances pertaining to:
 - Transfer of shares and debentures;
 - Non-receipt of declared dividends, interests and redemption proceeds of debentures;
 - Dematerialization of Shares and debentures;
 - Replacement of lost, stolen, mutilated share and debenture certificates;
 - Non-receipt of rights, bonus, split share and debenture certificates;
 - Non-receipt of balance sheet.
2. To look into other related issues towards strengthening investors' relations.
3. To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
4. To look into the reasons for any defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors.

The Composition of the Committee as at 31st March, 2015 and the details of Members participation at the Meetings of the Committee are as under:

During the year, 3 (Three) meetings of Stakeholders Relationship Committee were held on 29th May, 2014, 14th November, 2014 & on 12th February, 2015. The Attendance of Members at meetings was as under:

Sr. No.	Name	Category	No. of Meetings	
			Held	Attended
1.	Mr. Milan Shah, Chairman	Independent Director	3	3
2.	Mr. Hanish Malhotra, Member	Non-Independent Executive Director	3	3
3.	Mr. Pradeep Sharma, Member*	Non-Independent Executive Director	3	2

* appointed as member w.e.f. 12th August, 2014

As on March 31, 2015, no request for transfer of shares and for dematerialization/ rematerialisation of shares was pending for approval. Mr. Deepak Nagar, GM (Legal) & Company Secretary is the Compliance Officer.

At each Meeting of the Investors' Grievance Committee, all matters pertaining to investors including their grievances and redressal are reported. The Registrars and Transfer Agent under the supervision of the Secretarial Department of the Company look after the investors' grievances. There were no major complaints from the investors. Routine complaints relating to non-receipt of annual report, payment of dividends, transfer of shares, dematerialisation of shares and request for change of address, revalidation of divided warrants etc. were attended generally within a week time. The Company has not received any complaints from shareholders through the Securities and Exchange Board of India (SEBI) during the year under review. There were no complaints pending as at end of the year.

3. General Body Meetings

The General Body Meetings for the last three years were held at the Registered Office of the Company situated at GIDC Industrial Estate, Kalol-389 330, Dist. Panchmahals (Gujarat) as per details given below:

Date	Time	Type of Meeting	No. of Special Resolutions passed
16.07.2012	10.00 a.m.	Annual General Meeting	4*
30.03.2013	10.00 a.m.	Extra-ordinary General Meeting	1#
29.07.2013	10.00 a.m.	Annual General Meeting	-
30.09.2014	10.00 a.m.	Annual General Meeting	2**

* Special Resolution passed were for : (i) Re-appointment of Mr. Pradeep Sharma, Director (Operations) for a period of 3 years from 26.10.2011; (ii) Re-appointment of Mr. Hanish Malhotra, Director (Marketing) for a period of 3 years from 01.02.2012; (iii) Re-appointment of Mr. Ashok Malhotra as Managing Director of the Company for a period of 3 years from 01.04.2012, subject to the approval of Central Government & (iv) Appointment of Mr. Vikas Malhotra to hold office or place of profit as Management Executive from 01.12.2011.

Special Resolution was passed under Section 309(5B) of the Companies Act, 1956 for waiver of excess remuneration paid to the Managing Director of the Company over and above the limits prescribed under Section 309 read with Schedule XIII to the Companies Act, 1956 for the 3 financial years ended on 31.03.2010, on 31.03.2011 & on 31.03.2012.

** Special Resolution passed were for : (i) Powers to borrow money u/s 180(1)(c) of the Companies Act, 2013; & (ii) Powers to create mortgage and/or charge on the immovable and movable properties of the company in favour of lenders to secure the financial assistance u/s 180(1) (a) of the Companies Act, 2013.

No special resolution was passed through postal ballot during the financial year 2013-14. At the forthcoming Annual General Meeting, there is no item on the agenda requiring postal ballot.

4. Disclosures

Related Party Transactions:

During the financial year 2014-15, there were no materially significant transactions with related party i.e. transactions of the Company of material nature with its Promoters, the Directors or the management, their subsidiaries, associates companies or relatives etc. which may have potential conflict with the interests of the Company at large. The details of Related Party Transactions are disclosed in note No.10 to Annual Accounts of the Annual Report. The policy on Related Party Transactions is posted on the website of the Company.

Compliance with Regulations:

There were no non-compliance matters related to capital markets by the Company during the last three years, nor did the Company attract any penalties or strictures passed by the stock exchanges, SEBI or any other statutory authority.

Whistle Blower Policy

The Company has adopted a Whistle Blower Policy. The director/employee will address the complaint to any member of the Enforcement Committee along with the available details and evidence to the extent possible. In case, the complaint is received by a person, other than an enforcement committee member, the same is required to be forwarded by him to the Enforcement Committee.

The Whistle Blower will be protected from any kind of discrimination, harassment, victimization or any other unfair employment practice.

The Enforcement Committee will investigate and decide the case and recommend action within four weeks to the Chairman & Managing Director. The final action to be taken will be decided by the Chairman & Managing Director.

The director in all cases and employee in appropriate or exceptional cases will have direct access with the Chairman of the Audit Committee of the Board of Directors of the Company. The Enforcement Committee will report to the Chairman & Managing Director. During the year under review, no personnel has been denied access to the Audit Committee.

5. Code of Conduct for Directors and Senior Management Personnel

In terms of Clause 49 of the Listing Agreement, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman & Managing Director of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code.

6. Prevention of Insider Trading

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board has adopted the following codes:

- Code of Conduct to Regulate, Monitor and Report Trading by its employees and other connected Persons - Under this code, obligations are cast upon Directors, connected persons and designated employees to preserve Price Sensitive Information, which is likely to have a bearing on share price of the Company. Procedures are prescribed to ensure that such information is not misused for any personal advantage. The Company Secretary has been appointed as the Compliance Officer for monitoring implementation of the Code across the Company.
- Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information - This code lays down principles and procedures with the objective of ensuring that the Price Sensitive Information related to the Company is handled in prescribed manner. Adequate disclosure of such information is sought to be made to the Public through Stock Exchanges, Press, Media and the PSL web-site in a timely manner to enable the investors to take informed investment decisions with regard to the Company's Securities.

The said codes are being adhered to with effect from 15 May, 2015.

7. CEO/CFO Certificate

In accordance with the requirement of Clause 49(V) of the Listing Agreement, the CEO i.e., Chairman & Managing Director and CFO has furnished the requisite certificate to the Board of Directors of the Company.

8. Means of Communication

- (i) Financial Results are published in leading financial newspapers as well as copies of the same are also being sent to all the Stock Exchanges where the Shares of the Company are listed. These results are simultaneously displayed on the Company's website. The Company has also complied with e-filing submissions through BSE Corporate Compliance & Listing Centre.

Financial Results are published normally in Indian Express, Business Standard and in Financial Express (Gujarati). Website of the Company is www.panchmahalsteel.co.in.

- (ii) The Management Discussion and Analysis Report prepared by the management and forming part of the Annual Report is separately attached.

9. General Shareholder information

- (i) 42nd Annual General Meeting :

Date & Time : Monday, the 28th September, 2015 at 10.00 a.m.

Venue : GIDC Industrial Estate, Kalol-389 330, Dist. Panchmahals, Gujarat

- (ii) Financial Calendar (tentative)

Unaudited Results for the quarter ending 30.06.2015	Latest by 14th August, 2015
Unaudited Results for the quarter ending 30.09.2015	Latest by 14th November, 2015
Unaudited Results for the quarter ending 31.12.2015	Latest by 14th February, 2016
Unaudited Results for the quarter ending 31.03.2016; OR	Latest by 15th May, 2016
In case Company takes Audited Results for the whole Financial Year	Latest by 30th May, 2016

- (iii) Date of Book Closure

The period of Book Closure is from Tuesday, the 22nd September, 2015 to Monday, the 28th September, 2015 (both days inclusive).

- (iv) Dividend Payment Date

The Board has not recommended any dividend for the year ended 31.03.2015.

- (v) Listing on Stock Exchanges

The Equity shares of the Company are listed at Bombay Stock Exchange Limited. The Company has paid Listing Fees for the year 2014-15 to the Stock Exchange.

BSE Stock Code : 513511

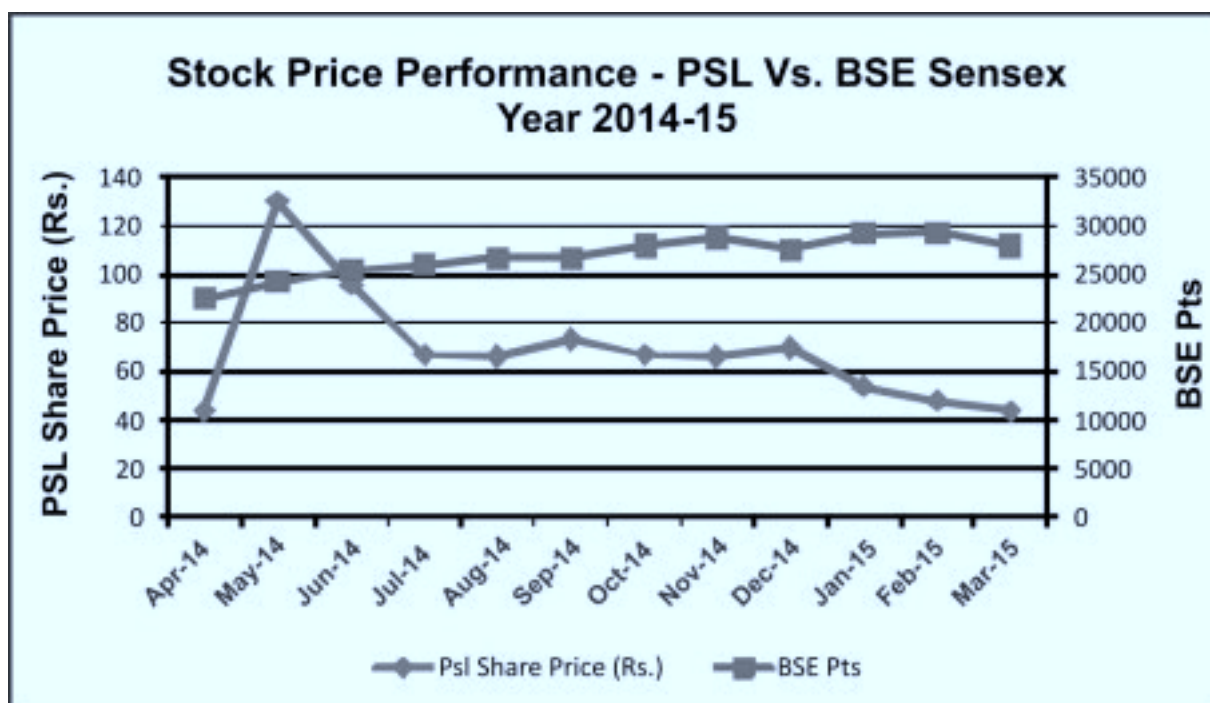
ISIN for NSDL & CDSL : INE 798F01010

- (vi) Corporate Identification Number (CIN) : L27104GJ1972PLC002153

(vii) Market Price Data

The high and low prices recorded on the Bombay Stock Exchange Limited are as under:

Month	Share Price (Rs.)		Quantity Traded
	High	Low	(No. of Shares)
April, 2014	–	–	0
May, 2014	130.00	130.00	1
June, 2014	123.50	95.70	623
July, 2014	90.95	66.95	1,289
August, 2014	66.15	52.85	26,592
September, 2014	83.00	62.80	13,482
October, 2014	72.90	60.30	5,725
November, 2014	84.15	60.25	14,851
December, 2014	76.50	54.05	4,183
January, 2015	69.95	50.10	13,715
February, 2015	59.50	42.00	12,199
March, 2015	50.00	32.55	26,369

(viii) Share price performance in comparison to broad based indices - BSE Sensex(ix) Registrar & Share Transfer Agents

The entire share transfer process, physical as well as dematerialised, is being handled by the Company's Registrars & Share Transfer Agents viz. M/s MCS Share Transfer Agent Limited, Vadodara.

(x) Share Transfer System

M/s MCS Share Transfer Agent Ltd. (RTA) processes the share transfer/transmission requests on fortnightly basis. Shares lodged for transfer in the physical form are normally processed at the earliest within the statutory time frame from the date of lodgement provided the documents are complete in all respect. The Company Secretary is empowered to approve transfers, transmission etc. of the securities of the Company. A summary of transfer/

transmission of securities of the Company so approved by the Company Secretary is placed at every Board meeting / Stakeholders' Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the said certificate with Stock Exchanges.

(xi) Distribution of Shareholding & Shareholding Pattern as on 31.03.2015

Shareholding Pattern			Distribution of Shareholding		
Category	No. of Shares	%	No. of Shares	No. of Shareholders	Shares held in each class
Promoters/Promoters Group	12557108	65.82	01 - 500	3184	365906
Institutional Investors :			501 - 1000	72	57301
- Mutual Funds/UTI	5700	0.03	1001 - 2000	29	40855
- Banks, Financial Institutions, Insurance Companies	4260834	22.33	2001 - 3000	5	12519
- Foreign Institutional Investors	1000	0.01	3001 - 4000	7	25172
Others :			4001 - 5000	8	35390
- Private Corporate Bodies	1635376	8.57	5001 - 10000	3	20983
- NRIs/OCBs	701	0.00	10001 & above	21	18520263
- Indian Public	617610	3.24			
Total	19078329	100.00	Total	3329	19078329

(xii) Dematerialisation of Shares

The Equity Shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories - NSDL and CDSL.

1,88,68,924 number of Equity Shares of the Company representing 98.90% of the Share Capital are dematerialised upto 31.03.2015.

(xiii) Outstanding GDRs/ADRs/ Warrants or any convertible instruments

Not Applicable

(xiv) Plant Location

Plot No.117, GIDC Industrial Estate, Kalol-389 330, Dist. Panchmahals (Gujarat).

(xv) Address for Correspondence

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrars and Transfer Agents of the Company:

Panchmahal Steel Limited Landmark, 7th Floor, Race Course Circle, Vadodara-390 007. Tel Nos.: 0265- 3051777 Fax No. : 0265- 3051705 E-mail : dnagar@panchmahalsteel.co.in shares@panchmahalsteel.co.in	M/s MCS Share Transfer Agent Limited 10, Aaram Apartment, 12, Sampatrao Colony, Behind Laxmi Hall, Alkapuri, Vadodara-390 007. Tel Nos.: 0265- 2314757, 2350490 Fax No.: 0265-2341639 E-mail : mcsltdbaroda@yahoo.com, mcsltdbaroda@gmail.com
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10. Adoption of Mandatory & Non-Mandatory Requirements

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement. The Company adopts non-mandatory requirements on need basis. The Board has taken cognizance of the same and shall consider adopting the same as and when required.

11. Certificate on Corporate Governance

The Company has obtained a certificate from M/s. JRS Patel & Co. Chartered Accountants, Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges. This is annexed to the Directors' Report. The certificate will be sent to the Stock Exchanges along with the Annual Report to be filed by the Company.

Declaration by the Chairman & Managing Director

To,
The Members of
Panchmahal Steel Limited

Sub : Compliance with Code of Conduct - Pursuant to Clause 49 of the Listing Agreement

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them in respect of the financial year 2014-15.

Place : Vadodara
Date : 5th August, 2015

Ashok Malhotra
Chairman & Managing Director

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To,
The Members of Panchmahal Steel Limited

We have examined the compliance of conditions of Corporate Governance by Panchmahal Steel Limited ('the Company') for the year ended 31 March, 2015, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

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

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

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

For **J.R.S. Patel & Co.**
Chartered Accountants
Firm Regn. No.107709W

Place : Vadodara
Date : 5th August, 2015.

Kalpesh Parmar
Partner
Membership No. 103887

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

(Pursuant to para IX of Clause 49 of the Listing Agreement)

We have reviewed the attached Financial Statements and the Cash Flow Statement of PANCHMAHAL STEEL LIMITED for the year ended 31 March 2015, and certify to the Board :

- (a) That to the best of our knowledge and belief:
- i. these statements do not contain any materially untrue statement or omit material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) That there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) That we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) That we have indicated to the Auditors and the Audit Committee:
- i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Ashok Malhotra

Chairman & Managing Director

Pradip H. Gupta

Chief Financial Officer

Place : Vadodara

Date : 26th May, 2015.

Management Discussion and Analysis Report

Industry Structure, Developments and Outlook

The Company is primarily engaged in the manufacture of stainless steel long products in the form of wire rods, bars and wires, which find application in a wide range of applications in engineering, construction and infrastructure, automotive and railways, consumer durables, food processing and dairy industry, housing and pharmaceuticals.

The Company is an established and recognized quality producer of stainless Steel long products and exporting around the world.

The Stainless Steel industry is passing through a challenging time on account of the global recessionary trends and volatility in all commodity prices, resulting into lower realisations as compared to input costs. The Company continues to improve its operating efficiencies and look forward to improve the performance as the economic climate gets positive.

Internal control systems

The Company has proper and adequate systems of internal control ensuring efficiency of operations, statutory compliances, reporting and recording of transactions. The system is supported by management and internal audit.

Human Resources

The Company's human resource policy lays stress on motivating and training people for better work culture and environment and continuous improvement in productivity, efficiency and quality.

For and on behalf of the Board of Directors

Place : Vadodara
Date : 5th August, 2015

Ashok Malhotra
Chairman & Managing Director

INDEPENDENT AUDITOR'S REPORT

To
The Members of
PANCHMAHAL STEEL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of PANCHMAHAL STEEL LIMITED ("the Company") which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act dated 10.04.2015, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules 2014;
 - e. On the basis of written representations received from the Directors as on 31st March, 2015, and 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. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 :
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 1 (9) to the financial statements;
 - ii. As informed to us, the Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise;
 - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

For **J.R.S. Patel & Co.**
Chartered Accountants
Firm Regn. No.107709W

Place : Vadodara
Date : 26th May, 2015

(Nitin Patni)
Partner
Membership No. 15612

ANNEXURE REFERRED TO PARAGRAPH 1 UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2015 OF PANCHMAHAL STEEL LIMITED, KALOL.

1. In respect of its Fixed Assets :
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.
 - (b) The Company carries out physical verification of fixed assets under a phased program of verification at reasonable intervals, which in our opinion is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
2.
 - (a) As explained to us, the inventories have been physically verified by the management during the year at reasonable intervals other than material in transit and lying with branches and consignment agent/stockiest, which have been substantially confirmed by them. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of its inventories. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventory as compared to the book records.
3. As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in register maintained under Section 189 of the Companies Act, 2013. Accordingly, sub-clauses (a) and (b) of (iii) of the said Order are not applicable.
4. In our opinion and according to explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control systems.
5. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public during the year and hence the question of complying with the provisions of Section 73 to 76 of the Companies Act, 2013 and the rules framed there under and the directives issued by the Reserve Bank of India, wherever applicable, does not arise.
6. On the basis of the records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government of India under Section 148(1) of the Companies Act, 2013, have been made and maintained by the Company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.
7. According to the information and explanations given to us in respect of statutory and other dues :
 - (a) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities during the year. Based on our audit procedures and according to the information and explanations given to us, there are no arrears of statutory dues which has remained outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us and on the basis of records produced before us by the Company, the details of disputed Income tax/Custom duty/Excise duty/Service tax which have not been deposited as on 31st March, 2015 are given below:

Name of Statute	Nature of Dues	Amount (in Rupees)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	57,41,982	Gujarat High Court
The Central Excise Act, 1944	Excise Duty	5,05,018	Assistant Commissioner , Halol
The Central Excise Act, 1944	Excise Duty	21,00,056	Assistant Commissioner , Halol
The Central Excise Act, 1944	Excise Duty	8,05,432	Commissioner (Appeals), Vadodara
The Central Excise Act, 1944	Excise Duty	3,35,090	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	10,03,244	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	6,46,500	Commissioner (Appeals), Vadodara
The Central Excise Act, 1944	Excise Duty	6,46,026	Commissioner (Appeals), Vadodara
Finance Act, 1994 (Service Tax Provision)	Service Tax	2,15,610	CESTAT, Ahmedabad.
The Custom Act, 1962	Custom Duty	1,20,000	CESTAT, Mumbai
The Income Tax Act, 1962	Income Tax	48,72,779	Commissioner of Income Tax (Appeals), Vadodara

- (c) According to the information and explanations given to us and on the basis the records produced before us by the Company, there are no amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 2013.
8. The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
 9. The Company has not defaulted in repayment of dues to banks, debenture holders and financial institutions.
 10. The Company has not given any guarantee for loans taken by others from banks or financial institutions.
 11. The Company has not taken any term loans during the year.
 12. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **J.R.S. Patel & Co.**
Chartered Accountants
Firm Regn. No.107709W

Place : Vadodara
Date : 26th May, 2015

(Nitin Patni)
Partner
Membership No. 15612

BALANCE SHEET AS AT 31ST MARCH, 2015

Particulars	Note No.	(Amount in Rupees)	
		AS AT 31.03.2015	AS AT 31.03.2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	190,831,190	190,831,190
(b) Reserves and Surplus	3	1,146,774,999	1,190,000,599
(2) Non-Current Liabilities			
(a) Long Term Provisions	4	5,447,883	5,295,642
(3) Current Liabilities			
(a) Short Term Borrowings	5	562,060,290	512,290,217
(b) Trade Payables	6	999,896,578	1,141,347,302
(c) Other Current Liabilities	7	103,565,497	152,836,135
(d) Short Term Provision	8	5,231,203	5,817,449
TOTAL		3,013,807,640	3,198,418,534
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	1,160,347,127	1,189,018,613
(ii) Capital work-in-progress		389,997	4,695,389
(b) Non-current Investments	10	2,000	2,000
(c) Deferred Tax Assets (net)	11	48,893,179	28,146,660
(d) Long Term Loans and Advances	12	88,600,707	93,678,467
(2) Current Assets			
(a) Inventories	13	1,223,618,886	1,325,368,846
(b) Trade Receivables	14	294,550,712	354,487,592
(c) Cash and Cash equivalents	15	71,930,539	51,823,921
(d) Short Term Loans and Advances	16	115,017,720	137,013,663
(e) Other Current Assets	17	10,456,773	14,183,383
TOTAL		3,013,807,640	3,198,418,534
Significant Accounting Policies and accompanying Notes to the Accounts	1		

As per our Report of even date attached

For **J.R.S. Patel & Co.**
Chartered Accountants**Ashok Malhotra**
Chairman and Managing Director**Hanish Malhotra**
Director (Marketing)**Nitin Patni**
Partner
Membership No.15612
Vadodara, 26th May, 2015**Pradip H. Gupta**
Chief Financial Officer**Deepak Nagar**
GM (Legal) & Company Secretary

Vadodara, 26th May, 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	(Amount in Rupees)	
		For the year 2014-2015	For the year 2013-2014
I. Revenue from Operations	18	3,906,109,818	3,269,197,231
II. Other Income	19	10,494,328	9,887,083
III. Total Revenue (I + II)		3,916,604,146	3,279,084,314
IV. Expenses			
Cost of Materials Consumed	20	2,560,393,088	2,406,674,069
Manufacturing Expenses	21	635,026,577	699,833,506
Change in Inventory of Finished Goods	22	319,207,327	(219,548,941)
Employee Benefits Expenses	23	161,579,795	146,929,273
Finance Costs	24	106,555,983	93,389,432
Depreciation and Amortization Expenses	9	86,515,530	68,487,591
Other Expenses	25	124,401,999	128,938,607
Total Expenses		3,993,680,299	3,324,703,537
V. Profit/(Loss) before Exceptional and Extraordinary Items and Tax (III - IV)		(77,076,153)	(45,619,223)
VI. Exceptional and Extraordinary Items		21,033,134	16,046,358
VII. Profit/(Loss) before Tax (V- VI)		(56,043,019)	(29,572,865)
VIII. Tax Expense			
(1) Deferred Tax		(20,746,519)	(11,324,448)
IX. Profit/(Loss) for the period from continuing Operations After Tax (VII - VIII)		(35,296,500)	(18,248,417)
X. Earnings per Equity Share			
Basic & Diluted		(1.850)	(0.961)
Significant Accounting Policies and accompanying Notes to the Accounts	1		

As per our Report of even date attached

For **J.R.S. Patel & Co.**
Chartered Accountants**Ashok Malhotra**
Chairman and Managing Director**Hanish Malhotra**
Director (Marketing)**Nitin Patni**
Partner
Membership No.15612
Vadodara, 26th May, 2015**Pradip H. Gupta**
Chief Financial Officer**Deepak Nagar**
GM (Legal) & Company Secretary

Vadodara, 26th May, 2015

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2014-15

(Amount in Rupees)

	Year ended 31.03.2015	Year ended 31.03.2014
A. Cash flow from Operating Activities		
Net (Loss)/ Profit before tax and extraordinary items	(56,043,019)	(29,572,865)
Adjustments for :		
Depreciation	86,515,530	68,487,591
Exceptional & Extra Ordinary Items	(21,033,134)	(16,046,358)
Provision for Wealth Tax	131,770	163,380
Finance Cost	106,555,983	93,389,432
Loss on sale/disposal of Capital Assets	-	495,282
(Profit) on sale of Capital Assets	(38,610)	-
Interest Income	(5,266,887)	(4,282,247)
Operating Profit before Working Capital Changes	110,821,633	112,634,215
Adjustments for (Increase) / Decrease in Operating Assets :		
Inventories	101,749,960	(52,672,898)
Trade Receivables	59,936,880	(80,094,499)
Short Term Loans and Advances	29,004,647	(44,385,301)
Long Term Loans and Advances	5,077,760	21,297,140
Other Current Assets	4,332,896	(4,793,422)
Adjustments for Increase / (Decrease) in Operating Liabilities :		
Trade Payables	(141,450,724)	185,273,037
Other Current Liabilities	(50,434,699)	8,306,801
Short Term Provisions	(586,246)	371,132
Long Term Provisions	152,241	(50,775,546)
Cash generated from Operations	118,604,348	95,160,659
Direct Taxes Paid	(7,140,474)	(4,334,956)
Net Cash from Operating Activities ...A	111,463,874	90,825,703
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(70,766,171)	(43,171,350)
Sale / Redemption of Investment	-	3,000
Sale / Disposal of Fixed Assets	30,370,163	19,296,598
Interest Received	4,660,601	4,035,758
Net Cash (Used in) / from Investing Activities ...B	(35,735,407)	(19,835,994)
C. Cash Flow from Financing Activities		
Net Increase / (Decrease) in Working Capital Borrowings	49,770,073	28,289,423
Finance Cost	(105,387,572)	(93,328,098)
Dividend Paid	(4,350)	(23,490,428)
Tax on Dividend	-	(4,016,016)
Proceeds from Issue of Shares (including premium)	-	28,297,180
Premium paid on Redemption of Debentures	-	(5,659,436)
Compensation paid in lieu of Dividend	-	(1,086,683)
Net Cash (Used in)/ from Financing Activities ...C	(55,621,849)	(70,994,058)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	20,106,618	(4,349)
Cash and Cash Equivalents at the beginning of the year :		
Cash on Hand	166,015	139,461
Balance with Banks in Current, Margin and Deposits Accounts	51,657,906	51,688,809
	51,823,921	51,828,270
Cash and Cash Equivalents at the closing of the year :		
Cash on Hand	66,710	166,015
Balance with Banks in Current, Margin and Deposits Accounts	71,863,829	51,657,906
	71,930,539	51,823,921
Net Increase/(Decrease) as disclosed above	20,106,618	(4,349)

The statement referred above and Notes to Accounts form an integral part of Cash Flow Statement.

As per our Report of even date attached

For **J.R.S. Patel & Co.**
Chartered Accountants

Ashok Malhotra
Chairman and Managing Director

Hanish Malhotra
Director (Marketing)

Nitin Patni
Partner
Membership No.15612
Vadodara, 26th May, 2015

Pradip H. Gupta
Chief Financial Officer

Deepak Nagar
GM (Legal) & Company Secretary

Vadodara, 26th May, 2015

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

(Amount in Rupees)

Particulars	AS AT 31.03.2015	AS AT 31.03.2014
NOTE NO. 2		
SHARE CAPITAL		
AUTHORISED		
4,00,00,000 (4,00,00,000) Equity Shares of Rs. 10/- each	400,000,000	400,000,000
ISSUED SHARE CAPITAL		
1,90,89,029 (1,90,89,029) Equity Shares of Rs. 10/- each fully paid-up	190,890,290	190,890,290
SUBSCRIBED SHARE CAPITAL		
1,90,89,029 (1,90,89,029) Equity Shares of Rs. 10/- each fully paid-up	190,890,290	190,890,290
PAID-UP SHARE CAPITAL		
1,90,78,329 (1,90,78,329) Equity Shares of Rs. 10/- each fully paid-up	190,783,290	190,783,290
Add: Forfeited Equity Shares of Rs.10/- each		
5,600 Forfeited Equity Shares of Rs.3/- each Paid	16,800	16,800
4,600 Forfeited Equity Shares of Rs.6/- each Paid	27,600	27,600
500 Forfeited Equity Shares of Rs.7/- each Paid	3,500	3,500
	47,900	47,900
TOTAL	190,831,190	190,831,190

Additional Notes :

1) Reconciliation of Issued, Subscribed and Paid-up Share Capital

Share Capital	31.03.2015		31.03.2014	
	No. of Shares	Nominal Value Rs.	No. of Shares	Nominal Value Rs.
Equity Shares at the beginning of the year	1,90,78,329	190,783,290	18,904,460	189,044,600
Add : Equity Shares allotted during the year	-	-	173,869	1,738,690
Equity Shares at the end of the year	1,90,78,329	190,783,290	19,078,329	190,783,290

2) Details of Shares held by each Shareholder in excess of 5% of Paid-up Share Capital

Name of Share Holder	31.03.2015		31.03.2014	
	Number of Shares held	% Holding in Shares	Number of Shares held	% Holding in Shares
a) Mr.Ashok Malhotra	1338432	7.02%	1338432	7.02%
b) Honeyvick Enterprises Pvt. Ltd.	6812245	35.71%	6798000	35.63%
c) Amil Enterprises Pvt. Ltd.	3527311	18.49%	3527311	18.49%
d) ICICI Bank Ltd.	3174999	16.64%	3194539	16.74%

3) The Company has only one class of shares i.e. Equity carrying a nominal value of Rs.10/- per share.

4) Every holder of the equity share of the Company is entitled to one vote per share held.

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

Particulars	(Amount in Rupees)	
	AS AT 31.03.2015	AS AT 31.03.2014
NOTE NO. 3		
<u>RESERVES AND SURPLUS</u>		
Capital Reserve		
As per last Balance Sheet	17,523,435	17,523,435
Securities Premium Account		
As per last Balance Sheet	771,271,386	750,372,332
(including Rs.4,26,100/- of Forfeited Shares)		
Less : Premium on Redemption of Debentures	-	(5,659,436)
	<u>771,271,386</u>	<u>744,712,896</u>
Add : Premium on Conversion of Fully Convertible Debentures (FCDs)	-	26,558,490
	<u>771,271,386</u>	<u>771,271,386</u>
General Reserve		
As per last Balance Sheet	30,000,000	30,000,000
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	371,205,778	390,540,878
Add : Surplus/(Deficit) for the year	(35,296,500)	(18,248,417)
	<u>335,909,278</u>	<u>372,292,461</u>
Less : <u>Appropriations</u>		
Adjustment relating to Fixed Assets (Refer Point No.6 forming part of Note No.1)	7,929,100	-
Compensation in Lieu of Dividend	-	1,086,683
	<u>327,980,178</u>	<u>371,205,778</u>
TOTAL	<u><u>1,146,774,999</u></u>	<u><u>1,190,000,599</u></u>
NOTE NO. 4		
<u>LONG TERM PROVISIONS</u>		
Provision for Leave Encashment	5,447,883	5,295,642
TOTAL	<u><u>5,447,883</u></u>	<u><u>5,295,642</u></u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

(Amount in Rupees)

Particulars	AS AT 31.03.2015	AS AT 31.03.2014
NOTE NO. 5		
<u>SHORT TERM BORROWINGS</u>		
Secured Borrowings		
Working Capital Facilities from Bank		
Cash Credit	348,886,397	385,381,789
Bills Discounting	13,173,893	26,908,428
Export Packing Credit	<u>200,000,000</u>	<u>100,000,000</u>
	562,060,290	512,290,217
TOTAL	<u>562,060,290</u>	<u>512,290,217</u>
Note :		
The Working Capital Advances from State Bank of India are secured by first charge over the inventories, receivables and other chargeable current assets; second charge over the immovable properties situated at Plot No.117, GIDC Industrial Estate, Kalol, Dist. Panchmahal and is further guaranteed by Chairman and Managing Director of the Company.		
NOTE NO. 6		
<u>TRADE PAYABLES</u>		
For Supplies/Services		
a) Due to Micro, Small and Medium Enterprises	1,256,791	12,349,082
b) Others	<u>310,628,658</u>	<u>497,436,293</u>
	311,885,449	509,785,375
Bills Payable	688,011,129	631,561,927
TOTAL	<u>999,896,578</u>	<u>1,141,347,302</u>
NOTE NO. 7		
<u>OTHER CURRENT LIABILITIES</u>		
Interest accrued and due on Borrowings (Secured)	1,762,416	594,005
Advances received from Customers	17,347,636	21,254,163
Sundry Creditors for Projects	6,849,922	3,122,101
Unpaid Dividend	834,565	838,915
Duties and Taxes	66,377,843	126,653,139
Other Advances received	10,000,000	-
Other Payables	<u>393,115</u>	<u>373,812</u>
TOTAL	<u>103,565,497</u>	<u>152,836,135</u>
NOTE NO. 8		
<u>SHORT TERM PROVISIONS</u>		
Provision for Employee Benefits	<u>5,231,203</u>	<u>5,817,449</u>
TOTAL	<u>5,231,203</u>	<u>5,817,449</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015
NOTE NO. 9
TANGIBLE FIXED ASSETS
(Amount in Rupees)

Tangible Assets	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTIZATION					NET BLOCK	
	Asat 01.04.'14	Addition during the year	Sales/ Adjust- ment (Cost)	Asat 31.03.'15	Asat 01.04.'14	Provided during the year	Sales/ Adjust- ment	Dep. Adjust- ment	Asat 31.03.'15	Asat 31.03.'15	Asat 01.04.'14
Land											
Leasehold Land	8,863,581	1,172,134	-	10,035,715	590,840	135,781	-	-	726,621	9,309,094	8,272,741
Free-hold Land	1,335,968	16,025,759	8,987,030	8,374,697	-	-	-	-	-	8,374,697	1,335,968
Land Development	2,833,434	-	-	2,833,434	-	-	-	-	-	2,833,434	2,833,434
Buildings											
Factory Building	50,151,423	-	-	50,151,423	21,814,027	6,302,939	-	6,039,769	34,156,735	15,994,688	28,337,396
Other Building	53,032,188	435,709	-	53,467,897	9,533,135	870,007	-	-	10,403,142	43,064,755	43,499,053
Plant & Machinery	2,098,683,711	52,146,309	369,911	2,150,460,109	1,032,933,246	68,781,633	60,255	-	1,101,654,624	1,048,805,485	1,065,750,465
Furniture & Fittings	18,703,755	2,575,434	-	21,279,189	16,315,069	629,025	-	142,261	17,086,355	4,192,834	2,388,686
Office Equipments	10,753,276	1,461,316	2,000	12,212,592	4,972,041	1,372,203	266	928,770	7,272,748	4,939,844	5,781,235
EDP Equipments	18,076,544	1,254,902	-	19,331,446	12,532,130	2,776,364	-	1	15,308,495	4,022,951	5,544,414
Vehicles	44,960,224	-	-	44,960,224	19,685,003	5,647,577	-	818,299	26,150,879	18,809,345	25,275,221
Total	2,307,394,104	75,071,563	9,358,941	2,373,106,726	1,118,375,491	86,515,529	60,521	7,929,100	1,212,759,599	1,160,347,127	1,189,018,613
Previous Year	2,217,281,096	97,257,497	7,144,489	2,307,394,104	1,053,286,867	68,487,591	3,398,967	-	1,118,375,491	1,189,018,613	1,163,994,229

Particulars	AS AT 31.03.2015	AS AT 31.03.2014
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NOTE NO. 10
NON - CURRENT INVESTMENTS
Non Trade Investments (Unquoted)
(At cost)

Investment in Equity Instruments (Unquoted - Fully Paid)

Landmark Premises Co-Operative Services Society Ltd.

40 (40) Shares of Rs.50/- each

2,000
2,000
TOTAL
2,000
2,000
NOTE NO. 11
DEFERRED TAX ASSETS (NET)

Deferred Tax - Assets

On account of Unabsorbed Depreciation

182,429,445

152,318,893

On account of Disallowances under I.Tax Act

4,093,160

4,654,674

186,522,605

156,973,567

Less : Deferred Tax - Liabilities

on account of difference in Tax &

Book Depreciation

137,629,424

128,826,907

137,629,424

128,826,907

TOTAL
48,893,179

28,146,660

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

(Amount in Rupees)

Particulars	AS AT 31.03.2015	AS AT 31.03.2014
NOTE NO. 12		
LONG - TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
Capital Advances	-	5,070,000
Security Deposits	144,980	152,740
MAT Credit Entitlement	88,455,727	88,455,727
TOTAL	88,600,707	93,678,467
NOTE NO. 13		
INVENTORIES		
Raw Materials	442,160,318	232,539,663
(Including Stock-in-Transit of Rs.10,35,26,486/- P.Y. Rs.9,51,39,008/-)		
Production Materials	30,472,936	25,565,601
General Stores & Spares	44,895,717	41,966,340
Finished goods	706,089,915	1,025,297,242
(Including Stock-in-Transit of Rs.4,59,17,566/- P.Y. Rs.1,93,98,154/-)		
TOTAL	1,223,618,886	1,325,368,846
Note :		
Raw Materials, Production Materials and General Stores and Spares are valued at cost		
Finished Goods are valued at lower of cost or Net Realizable Value.		
NOTE NO. 14		
TRADE RECEIVABLES		
(Unsecured)		
a) Outstanding for more than six months		
Considered Good	5,657,706	1,816,437
Considered Doubtful	2,302,546	2,302,546
	7,960,252	4,118,983
Less : Provision for Doubtful Debts	(2,302,546)	(2,302,546)
	5,657,706	1,816,437
b) Others *		
Considered Good	288,893,006	352,671,155
TOTAL	294,550,712	354,487,592
* Other trade receivables are net of bills discounted with the Banks Rs.8,32,91,745/- (Previous year Rs.11,06,86,312/-)		
NOTE NO. 15		
CASH AND CASH EQUIVALENTS		
Balances with Banks		
a) In Current Accounts	2,916,363	2,808,507
b) In Unpaid Dividend Accounts	834,565	838,915
c) In Margin Money Accounts	64,338,484	48,010,484
d) In Guarantee Margin Accounts	3,774,417	-
	71,863,829	51,657,906
Cash on Hand	66,710	166,015
TOTAL	71,930,539	51,823,921

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

(Amount in Rupees)

Particulars	AS AT 31.03.2015	AS AT 31.03.2014
NOTE NO. 16		
<u>SHORT TERM LOANS AND ADVANCES</u>		
Unsecured, Considered Good		
Advance Income Tax and TDS	103,651,437	96,674,343
Less : Provision for Taxation	<u>88,587,497</u>	<u>88,619,107</u>
	15,063,940	8,055,236
Balance with Excise and Customs Authorities	93,777,123	115,088,120
Advance to Suppliers/Service Providers	2,708,718	7,001,979
Other Loans and Advances	3,467,939	6,868,328
TOTAL	<u>115,017,720</u>	<u>137,013,663</u>
NOTE NO. 17		
<u>OTHER CURRENT ASSETS</u>		
Unsecured, Considered Good		
Assets held for Disposal	3,490,188	3,640,188
Other Current Assets and Receivables	4,336,282	8,519,178
Interest accrued on Margin Money	2,630,303	2,024,017
TOTAL	<u>10,456,773</u>	<u>14,183,383</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

Particulars	(Amount in Rupees)	
	For the Year 2014-2015	For the Year 2013-2014
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sales (Net of Returns)		
a) Domestic Sales	3,079,176,359	2,718,564,217
b) Export Sales	1,086,207,211	755,426,712
	<u>4,165,383,570</u>	<u>3,473,990,929</u>
Less : Excise Duty	<u>336,944,848</u>	<u>297,317,027</u>
	3,828,438,722	3,176,673,902
Income from Job work	46,129,135	54,920,013
(Tax Ded. at Source Rs.10,23,849/- Prev. year Rs.9,02,574/-)		
Export Incentives	31,541,961	37,603,316
TOTAL	<u>3,906,109,818</u>	<u>3,269,197,231</u>
NOTE NO. 19		
OTHER INCOME		
Miscellaneous Sales	3,345,642	2,337,952
Less : Excise Duty	<u>284,552</u>	<u>193,173</u>
	3,061,090	2,144,779
Other Income	127,741	-
Interest Income		
a) On L/C Margin	4,889,393	4,070,947
(Tax Ded. at Source Rs.3,95,580/- Prev. year Rs.4,06,780/-)		
b) On Guarantee Margin	12,460	-
c) From Customers	357,445	204,416
(Tax Ded. at Source Rs.35,746/- Prev. year Rs.20,441/-)		
d) From Others	<u>7,589</u>	<u>6,884</u>
	5,266,887	4,282,247
Profit on sale of Capital Assets	38,610	-
Advances Forfeited	2,000,000	770,014
ECCG Insurance Claim	-	2,690,043
TOTAL	<u>10,494,328</u>	<u>9,887,083</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

Particulars	(Amount in Rupees)	
	For the year 2014-2015	For the year 2013-2014
NOTE NO. 20		
<u>COST OF MATERIALS CONSUMED</u>		
Raw Materials Consumed		
Opening Stock of Raw Materials	232,539,663	389,085,303
Add : Purchases	2,770,013,743	2,250,128,429
Less : Closing Stock of Raw Materials	<u>442,160,318</u>	<u>232,539,663</u>
	2,560,393,088	2,406,674,069
TOTAL	<u>2,560,393,088</u>	<u>2,406,674,069</u>
Details of Major Raw Material Consumption		
Scrap	1,308,771,789	1,142,565,024
Nickel	717,663,912	739,217,855
Ferro Chrome	252,853,109	243,550,556
Others	<u>281,104,278</u>	<u>281,340,634</u>
	2,560,393,088	2,406,674,069
NOTE NO. 21		
<u>MANUFACTURING EXPENSES</u>		
Consumption of Production Materials, General Stores and Spares	230,057,263	211,261,387
Power and Fuel	442,634,556	448,496,391
Repairs and Maintenance		
Buildings	313,720	919,367
Plant & Machineries	13,095,905	10,739,706
Other Manufacturing Expenses	6,453,647	5,874,592
Excise Duty - Finished Goods Closing Stock	(57,528,514)	22,542,063
TOTAL	<u>635,026,577</u>	<u>699,833,506</u>
NOTE NO. 22		
<u>CHANGE IN INVENTORY OF FINISHED GOODS</u>		
Opening Stock	1,025,297,242	805,748,301
Less : Closing Stock	<u>706,089,915</u>	<u>1,025,297,242</u>
TOTAL	<u>319,207,327</u>	<u>(219,548,941)</u>
NOTE NO. 23		
<u>EMPLOYEE BENEFITS EXPENSES</u>		
Directors Remuneration	20,005,895	18,796,476
Salaries, Wages and Bonus	125,147,652	112,896,618
Contribution to Provident and other Funds	13,436,740	12,927,540
Staff Welfare Expenses	2,989,508	2,308,639
TOTAL	<u>161,579,795</u>	<u>146,929,273</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2015

Particulars	(Amount in Rupees)	
	For the year 2014-2015	For the year 2013-2014
NOTE NO. 24		
FINANCE COSTS		
Interest on Debentures and Term Debts	-	3,995,457
Interest on Working Capital	59,408,055	51,838,610
Interest on Other Loans	2,599,219	2,495,676
Bank Charges	44,548,709	35,059,689
TOTAL	106,555,983	93,389,432
NOTE NO. 25		
OTHER EXPENSES		
I. Administrative and General Expenses		
Travelling and Conveyance	5,521,119	4,520,817
Printing and Stationery	1,019,362	895,035
Communication Cost	2,395,943	2,625,153
Vehicle Expenses	4,733,697	4,183,520
<u>Statutory Auditor's Remuneration</u>		
a) As Auditor	565,000	565,000
b) For Tax Audit Fees	100,000	100,000
c) For Taxation Matters	65,000	65,000
d) For Other Services	36,500	37,750
e) For Reimbursement of Expenses	27,078	20,829
	793,578	788,579
<u>Cost Auditor's Remuneration</u>		
a) As Auditor	150,000	150,000
b) For Other Services	10,000	10,000
c) For Reimbursement of Expenses	14,966	14,860
	174,966	174,860
Repairs and Maintenance to Other Assets	2,238,863	2,597,727
Legal and Professional Charges	4,878,665	3,436,550
Directors Sitting Fees	400,000	270,000
Insurance Charges	858,986	880,258
Rent, Rates and Taxes	3,938,943	5,788,976
Foreign Exchange Variation	28,491,358	53,864,317
Miscellaneous Expenses	2,772,700	3,265,864
Charities & Donation	190,000	100,000
Loss on Sale/ Disposal of Capital Assets	-	495,282
Advance Written Off	-	650,000
TOTAL (I)	58,408,179	84,536,938
II. Selling Expenses		
Carriage Outward	52,905,870	34,754,335
Commission on Sales	3,241,625	4,178,807
Discount and Claims	1,955,177	561,417
Marine and ECGC Insurance	2,731,832	1,619,934
Other Selling Expenses	5,159,316	2,743,673
Bad Debts	-	543,503
TOTAL (II)	65,993,820	44,401,669
TOTAL (I + II)	124,401,999	128,938,607

NOTE NO. 1**SIGNIFICANT ACCOUNTING POLICIES AND ACCOMPANYING NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2015.****1) Significant Accounting Policies :****a) Basis of Accounting :**

The financial statements are prepared under the historical cost convention, on the basis of a going concern in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of Sections 129 and 133 of the Companies Act, 2013 and further complied with revised/modified Schedule III to the Companies Act, 2013. The Company generally follows accrual System of Accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or stated otherwise.

b) Fixed Assets and Depreciation :

i) Fixed Assets are stated at cost net of CENVAT, VAT & Service Tax Credit less accumulated depreciation/amortization.

ii) Depreciation and Amortization :

- Lease hold Land: Premium on leasehold land is amortized over the period of lease.
- Other Fixed Assets :

Depreciation has been calculated for the year on all other fixed assets of the Company in accordance with methodology prescribed in Schedule II to the Companies Act, 2013.

iii) Capital Work-in-Progress:

Project under commissioning and other Capital work-in-progress are carried at cost comprising direct cost and related incidental expenses.

c) Investments :

Non-trade Investments are stated at cost less permanent diminution in value, if any.

d) Inventories :

i) Raw materials, Production materials, Stores and Spares are valued at cost using weighted average method. The cost includes freight inward, direct expenses and other cost incurred in bringing the inventories to their present location and condition.

ii) Finished goods are valued at lower of cost or net realizable value. Cost includes raw-materials cost, production materials cost, related overheads and excise duty.

e) Revenue Recognition :

i) Domestic Sales are recognized on dispatch of goods, and inclusive of excise duty but are net of sales return and VAT (Sales Tax).

ii) Export Sales are accounted on the date of bill of lading.

iii) Consignment Sales are recognized as sales only on goods sold by the consignee.

iv) Export Benefits/Incentives are recognized as income in the year of exports.

v) Revenue from job work is recognized on completion of the job.

vi) Interest income is recognized on time proportion basis except those with significant uncertainty are recognized on realization basis.

f) Employee Benefits :

Company's contribution to Provident Fund, Superannuation Fund, Employee State Insurance and other funds are determined under the relevant schemes and/or statute and charged to revenue.

Company's liability towards Gratuity and other retirement benefits are made in terms of schemes of LIC of India.

Provision for Leave Encashment is made on the basis of estimated liability as at the year end.

g) Borrowing Costs :

Borrowing Costs directly attributable to acquisition or construction of qualifying fixed assets are capitalized as part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

All other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

h) Foreign Currency Transactions :

The Company is exposed to currency fluctuations on foreign currency transactions. Transactions denominated in foreign currency are booked at the exchange rate prevailing at the time of recording of such transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Profit and Loss Account.

All foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at the date of the Balance Sheet and resultant exchange differences are recognized in the Profit and Loss Account for the year.

i) Taxation :

Tax expenses comprise Current Tax and Deferred Tax.

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) eligible for set-off in subsequent years (as per Tax Laws), is recognized as an asset by way of credit to the Profit and Loss Account only if there is convincing evidence of its realization. At each Balance Sheet date, the carrying amount of MAT Credit Entitlement receivable is reviewed to reassess its realization.

Deferred Tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax Assets are recognized only if there is virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

Wealth Tax is provided in accordance with the provisions of the Wealth Tax Act, 1957.

j) Impairment of Assets :

An Asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An Impairment Loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The Impairment Loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

k) Earnings per Share :

The earnings considered in ascertaining the company's earnings per share comprise the net profit after tax. The number of shares used in the computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of share used in computing diluted earnings per share comprises the weighted average share considered for deriving basic earnings per share and also the weighted average number of shares, which would have been issued on the conversion of all dilutive potential equity shares.

l) Provisions, Contingent Liabilities and Contingent Assets :

Provisions are recognized only when there is a present obligation as a result of past event and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by the future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Liabilities are not recognized but are disclosed in the Financial Statements. Contingent Assets are neither recognized nor disclosed in the Financial Statements.

- 2) Freehold Land, Staff & Executive Building include shares of Rs.750/-(Previous year Rs.750/-) held in co-operative Societies , which are in the name of nominees of the Company.

3) Micro, Small and Medium Enterprises Development Act, 2006 :

The Company has amounts due to suppliers covered under MSMED Act, as at 31st March, 2015. The disclosure pursuant to the said Act is as under :

Amount - Rupees

	31.03.2015	31.03.2014
Delayed Payment Due - Principal amount	71,218	289,018
- Interest on above	421	3,434
Interest paid	Nil	Nil
Interest due on Principal amount paid beyond due date during the year	95,188	92,092
Total Interest due but not paid	95,609	95,526

The information has been given in respect of such suppliers to the extent they could be identified as 'Micro, Small and Medium Enterprises' on the basis of information available with the company.

4) Managerial Remuneration :

Amount - Rupees

	31.03.2015	31.03.2014
I. Directors Sitting Fee	4,00,000	2,70,000
II. <u>Other Remuneration:</u>		
Salaries and Allowances	155,91,612	151,80,000
Commission	Nil	Nil
Company Contribution to Provident & Superannuation Funds	18,34,161	17,91,000
Other Perquisites (Valued as per Income Tax Rules)	29,08,545	28,35,852
Less : Recovery for earlier year	-	(6,93,006)
Sub-total (II)	203,34,319	191,13,846
Total (I+II)	207,34,319	193,83,846

The remuneration to Managing Director has been paid in accordance with the approval of the Central Government. The Remuneration to the other whole-time Directors has been paid in terms of approval of shareholders to the said appointments.

5) Balances of the most of the Debtors, Creditors and Loans of the Company are confirmed periodically.

6) Pursuant to the provisions of the Companies Act, 2013, becoming effective from 01.04.2014, the Company has charged depreciation based on the specified useful life of Fixed Assets as per Schedule II to the Act. The written down value less residual value of its Fixed Assets amounting to Rs.79,29,100/- having Nil useful life has been adjusted against opening balance of retained earnings.

7) Segment Disclosures :

The Company is engaged in a single segment of manufacture and sale of "Steel Products" in accordance with Accounting Standard (AS-17). Accordingly primary and secondary reporting disclosure for business/geographical segment as envisage in AS-17 are not applicable to the Company.

8) Retirement Benefits :

The table of retirement benefits as on 31st March, 2015 is as below.

Gratuity

Amount - Rupees

Financial Year :	2014-15	2013-14
I. Amounts to be recognized in Balance Sheet		
Present value of Funded Obligations	8,13,18,611	8,09,91,632
Fair value of Plan Assets	8,76,73,357	8,11,04,738
<u>Amounts in the Balance Sheet :</u>		
Liabilities	8,13,18,611	8,09,91,632
Assets	8,76,73,357	8,11,04,738
Net Liability/(Asset)	*(63,54,746)	*(1,13,106)

Amount - Rupees

II. Expenses Recognized in Income Statement		
Current Service Cost	48,15,040	48,93,378
Interest on Obligation	64,79,331	61,06,439
Expected Return on Plan Assets	(73,03,165)	(62,25,313)
Net Actuarial Losses (Gains) recognized in the year	(58,32,842)	(7,71,601)
Expense to be charged in P & L	*(18,41,636)	* 40,02,903
III. Table Showing Change in Benefit Obligation		
Opening Defined Benefit Obligation	8,09,91,632	7,63,30,491
Service Cost For The Year	48,15,040	48,93,378
Interest Cost For The Year	64,79,331	61,06,439
Actuarial Losses (Gains)	(58,32,842)	(7,71,601)
Benefits paid	51,34,550	55,67,075
Closing Defined Benefits Obligation	8,13,18,611	8,09,91,632
IV. Tables of Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	8,11,04,738	6,76,53,120
Expected return	73,03,165	62,25,313
Actuarial Gains and (Losses)		
Contributions by employer	44,00,000	1,27,93,380
Benefits paid	51,34,550	55,67,075
Closing Balance of Fund	8,76,73,353	8,11,04,738
V. Principal Actuarial Valuation	%	%
Discount rate as on date	8.00	8.00
Expected increase in Annual Salary Costs	7.00	7.00
Actual Return on Plan Assets for the year	9.00	8.75

*Owing to excess Plan Assets as compared to required Investment in terms of valuation report for Gratuity, no additional adjustment as mentioned above is made either in Profit and Loss Account or in Balance Sheet at the year end.

9) Contingent Liabilities & Commitments not provided for:

Amount - Rupees

	31.03.2015	31.03.2014
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	4,09,500	274,70,561
b) Letter of Credits Outstanding	772,40,366	1730,49,630
c) Claims against Company not acknowledged as Debts	185,82,336	185,82,336
d) Disputed Excise, Custom & Service Tax Liabilities	121,18,958	127,88,751
e) Disputed Income Tax Liabilities	48,72,779	148,76,029
f) Disputed Central Sales Tax Liabilities	1,78,362	8,57,242
g) Guarantee given to M.G.V.C.L. by Company's Banker	425,79,785	425,79,785
h) Guarantee given to Custom by Company's Banker	37,74,417	-

Based on the favourable decision in similar cases and in the opinion of lawyers, the Management believes that it has good cause in respect of all the items listed under (c) to (f) above therefore no provision against is considered.

10) Related Party Disclosures (As identified by the Management)
A. List of Related Parties :

- i) Associate Companies : Honeyvick Enterprises Private Limited
- ii) Enterprise over which one of key Management Personnel exercises significant control : Amil Enterprises Private Limited
- iii) Key Management Personnel : Mr.Ashok Malhotra - Chairman & Managing Director
Mr.Hanish Malhotra - Director (Marketing)
Mr.Pradeep Sharma - Director (Operations)
Mr.Pradip H.Gupta - Chief Financial Officer (w.e.f. 14.11.2014)
Mr.Deepak Nagar - GM (Legal) & Co.Secretary

B. Related Party /Key Management Personnel Transactions :

- i) Associates
- Deposit received : **Rs. 190,00,000** (Rs.185,00,000)
- Deposit repaid : **Rs. 190,00,000** (Rs.185,00,000)
- Interest : **Rs. 22,36,274** (Rs. 15,92,296)
- ii) Enterprise over which one of key Management Personnel exercises significant control
- Deposit received : **Rs.45,00,000** (Rs.45,00,000)
- Deposit repaid : **Rs.45,00,000** (Rs.45,00,000)
- Interest : **Rs. 5,29,644** (Rs.3,47,671)
- iii) Key Management Personnel
- Gross Remuneration : **Rs. 2,24,38,950** (Rs.2,01,40,446)

Note: Figures in the brackets are for previous year.

11) Financial Restructuring :

The Company has discharged all its liabilities towards the Secured Lenders of the Company as per the sanctioned modified Scheme of Compromise and/or Arrangements and orders of the Hon`ble High Court of Gujarat.

The Company has received no due certificates from all the secured lenders covered under the Scheme except ARCIL, for which the company has moved an application under section 392 of the erstwhile Companies Act, 1956 before the Hon`ble High Court of Gujarat, seeking directions for ARCIL to issue no due certificate to the company.

12) Details of Earnings Per Share :

		Unit	Year ended 31.03.2015	Year ended 31.03.2014
a)	Amount Used as Numerator { (-) Loss/Profit after Taxes }	Rupees	(352,96,500)	(182,48,417)
b)	Weighted average number of Equity Shares used as the denominator (Basic)	Nos.	190,78,329	189,91,395
c)	Weighted average number of Equity Shares used as the denominator (Diluted)	Nos.	190,78,329	189,91,395
d)	Nominal Value Per Share	Rupees	10.000	10.000
e)	Earnings per Share (Basic)	Rupees	(1.850)	(0.961)
f)	Earnings per Share (Diluted)	Rupees	(1.850)	(0.961)

13) (a) Registered/Installed Capacity :

Class of Goods	Units	Registered Capacity	Installed Capacity (As certified by the Managing Director)
Steel Billets	M.T.	150,000 (150,000)	150,000 (150,000)
Bars, Rods, Coils & Wires	M.T.	150,000 (150,000)	72,000 (72,000)

(b) Production, Sales and Stocks :

Class of Goods	Opening Stock		Production	Sale		Closing Stock	
	Qty.(M.T.)	Rupees	Qty.(M.T.)	Qty.(M.T.)	Rupees	Qty.(M.T.)	Rupees
Steel Billets	3433 (2832)	500357533 (385408000)	23663 (24156)	- (-)	- (-)	907 (3433)	134986484 (500357533)
Bars, Rods, Coils & Wires	3330 (2648)	524939709 (420340301)	27731* (25782)	23320 (20784)	4165383570 (3473990929)	3538 (3330)	571103430 (524939709)

* Include Job work production 2,633 M.T. (Previous Year 3,175 M.T)

Note: Figures in the bracket are for previous year.

(c) Total Value of Imported and Indigenous Raw Materials and Parts consumed and percentage to Total Consumption:

	Year 2014-2015		Year 2013-2014	
	Value (in Rs.)	%	Value (in Rs.)	%
Raw Materials :				
Imported	179,57,35,952	70.14	170,72,75,548	70.94
Indigenous	76,46,57,136	29.86	69,93,98,521	29.06
Total	256,03,93,088	100.00	240,66,74,069	100.00
Production Materials & Stores & Spares :				
Imported	452,90,017	19.69	654,37,839	30.97
Indigenous	1,847,67,245	80.31	1,458,23,548	69.03
Total	2,300,57,263	100.00	2,112,61,387	100.00

(d) Expenditure in Foreign Currency :

(Rupees)

	Year 2014-15	Year 2013-14
<u>C.I.F. Value of Imports :</u>		
Raw Materials	186,51,82,242	160,78,70,220
Production Materials and Stores & Spares	384,18,794	5,75,51,989
Capital Equipments	Nil	21,71,410
<u>Other Expenditure :</u>		
On Foreign Travels	14,84,584	17,89,580
Foreign Bank Charges	13,18,065	10,24,515
On Professional Fees Subscription & Books etc.	3,56,515	3,60,130
Commission on Export Sales	22,59,790	37,19,989
Discounts & Claims	12,00,104	1,33,718
On Foreign Exhibitions	15,99,026	19,92,478

(e) Foreign Exchange Earned :

FOB Value of Exports	94,53,90,504	73,26,00,578
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- 14) Previous year's figures have been recast/ regrouped/reclassified wherever necessary to correspond with current year's classification/disclosures.

For **J.R.S. Patel & Co.**
Chartered Accountants

Ashok Malhotra
Chairman and Managing Director

Hanish Malhotra
Director (Marketing)

Nitin Patni
Partner
Membership No.15612
Vadodara, 26th May, 2015

Pradip H. Gupta
Chief Financial Officer

Deepak Nagar
GM (Legal) & Company Secretary

Vadodara, 26th May, 2015



Regd. Office: GIDC Industrial Estate, Kalol-390 330 Dist. Panchmahals, Gujarat
CIN : L27104GJ1972PLC002153, Tel: +91 2676 304777, Fax: +91 2676 304889
Web: www.panchmahalsteel.co.in, mail: shares@panchmahalsteel.co.in

ATTENDANCE SLIP - 42nd Annual General Meeting

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING HALL
Joint Shareholders may obtain additional slip at the venue of the meeting.

DP Id*	
--------	--

Folio No.	
-----------	--

Client Id*	
------------	--

No. of Shares	
---------------	--

Name and Address of the Shareholder : _____

I hereby record my presence at the 42nd Annual General Meeting of the Company held on Monday, 28th September, 2015 at 10.00 a.m. at the Registered Office of the Company.

----- ✂ ----- Signature of Shareholder/Proxy ----- ✂



Regd. Office: GIDC Industrial Estate, Kalol-390 330 Dist. Panchmahals, Gujarat
CIN : L27104GJ1972PLC002153, Tel: +91 2676 304777, Fax: +91 2676 304889
Web: www.panchmahalsteel.co.in, mail: shares@panchmahalsteel.co.in

FORM OF PROXY

Name of the Member (s) : _____

Registered Address : _____

E-mail ID : _____

Folio No./Client Id : _____ DP Id : _____

I/We, being the member (s) of _____ shares of the above named company hereby appoint

- Name: _____ Address: _____
E-mail Id : _____ Signature: _____ or failing him;
- Name: _____ Address: _____
E-mail Id : _____ Signature: _____ or failing him;
- Name: _____ Address: _____
E-mail Id : _____ Signature: _____ or failing him;

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 42nd Annual General Meeting of the Company, to be held on Monday, the 28th September, 2015 at 10 a.m. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Optional*	
		For	Against
1	Adoption of Audited Financial Statements for the year ended 31st March, 2015.		
2	Re-appointment of Mr. Pradeep Sharma as Director, who retires by rotation and being eligible, offers himself for re-appointment.		
3	Re-appointment of Mr. Hanish Malhotra as Director, who retires by rotation and being eligible, offers himself for re-appointment.		

Sr. No.	Resolutions	Optional*	
		For	Against
4	Ratification of the appointment of Statutory Auditors		
	Special Business:		
5	Appointment of Ms. Suchita Shah as Non-Independent Director of the Company		
6	Re-appointment of Mr. Hanish Malhotra as Director (Marketing) of the Company.		
7	Re-appointment of Mr. Ashok Malhotra as Managing Director of the Company.		
8	Approval of Remuneration of Cost Auditors for the financial year 2015-16.		
9	Approval for adoption of new draft of Articles of Association of the Company.		

Affix 1
Rupee
Revenue
Stamp

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.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 42nd Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.

Registered Book - Post / Courier



Corporate Office:

Landmark, 7th Floor, Race Course Circle
Vadodara - 390 007, Gujarat, INDIA
Phone: +91 265 305 1777
Fax: +91 265 305 1705
E-mail: shares@panchmahalsteel.co.in
Website: www.panchmahalsteel.co.in

Regd. Office:

GIDC Estate, Kalol - 389 330
Dist. Panchmahal, Gujarat, INDIA
Phone: +91 2676 304 777
Fax: +91 2676 304 888