



**Panchmahal**  
Steel Limited

**Stainless Steel**

WIRE ROD • BARS • WIRES



**44<sup>th</sup>**

ANNUAL REPORT  
2016 - 2017

<b>BOARD OF DIRECTORS</b>	: Mr. Ashok R. Malhotra - Chairman & Managing Director Mr. Nilesh B. Mehta - Independent Director Mr. Amal Dutt Dhru - Independent Director Mr. Milan P. Shah - Independent Director Ms. Suchita Shah - Non Independent Director Mr. Pradeep R. Sharma - Director (Operations)
<b>COMPANY SECRETARY</b>	: Mr. Deepak Nagar
<b>AUDITORS</b>	: M/s J.R.S. Patel & Co. Chartered Accountants Vadodara.
<b>BANKERS</b>	: State Bank of India
<b>REGISTERED OFFICE</b>	: 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
<b>CORPORATE OFFICE</b>	: "Landmark", 7th Floor, Race Course Circle, Vadodara - 390 007.
<b>REGISTRAR &amp; TRANSFER AGENT</b>	: 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 : mcsldbaroda@gmail.com

**44th Annual General Meeting to be held on  
Thursday, the 21st September, 2017 at 10.00  
a.m. at the Registered Office of the Company  
at GIDC Industrial Estate, Kalol-389 330,  
Dist. Panchmahals, (Gujarat)**

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## **NOTICE**

Notice is hereby given that the 44th 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 Thursday, the 21st day of September, 2017 at 10.00 a.m. to transact the following business:-

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31st March, 2017 and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Ms. Suchita Shah (DIN: 00427169), who retires by rotation and being eligible, offers herself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an Ordinary resolution:

#### Appointment of Statutory Auditors of the Company and to fix their remuneration:

"RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force) ("the Act") and pursuant to the recommendations of Audit Committee and Board of Directors of the Company, M/s Atul Parikh & Co., Chartered Accountants, Vadodara (Firm Registration No. 106496W), be and are hereby appointed as Statutory Auditors of the Company in place of the existing Statutory Auditors, M/s JRS Patel & Co., Chartered Accountants, to hold office for a period of 5 years from the conclusion of ensuing 44th Annual General Meeting of the Company till the conclusion of 49th AGM of the Company, subject to ratification of their appointment by the Members at every AGM held after this AGM till the expiry of their term, as may be applicable on such remuneration as may be determined by the Board of Directors based on the recommendation of Audit Committee."

### **SPECIAL BUSINESS:**

4. 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 all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Pradeep Sharma (holding DIN 00705862) as a Whole-time Director, designated as Director (Operations) of the Company, for a further period of 3 (Three) years with effect from October 26, 2017 on the terms and conditions of reappointment and remuneration as set out in the explanatory statement attached hereto and that he be paid remuneration by way of salary, perquisites and allowances as approved by the Board of Directors and the Nomination & Remuneration Committee of the Company.

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. Pradeep Sharma 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."

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 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, 2018, 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."

**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, 14th August, 2017

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item No. 4 & 5 of the Notice, are 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 Thursday, the 14th day of September, 2017 to Thursday, the 21st day of September, 2017 (both days inclusive) for the purpose of Annual General Meeting.
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 Registrar and Transfer Agent.
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 Registrar and Transfer Agent 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 neither received nor encashed their dividend warrant(s) for any of the financial years from 2009-10 upto 2012-13, are requested to write to the RTA of the Company mentioning the relevant Folio Number(s)/ DP ID and Client ID, for issuance of duplicate/revalidated dividend warrant(s). It may be noted that the unclaimed dividend for financial year 2009-10 can be claimed by shareholders by 6th September, 2017.

Members are requested to note that as per the provisions of Section 125 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules, 2016"), the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund (IEPF), a fund constituted by the Government of India under Section 125 of the Companies Act, 2013.

Further, in accordance with the provisions of Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, shares on which dividend has not been paid or claimed for seven consecutive years or more, are liable to be transferred to the Demat Account of the IEPF Authority.

Pursuant to the Provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded details of unpaid and unclaimed amounts lying with the Company as on 26th September, 2016 (the date of the last Annual General Meeting) on the website of the Company and also on the website of the Ministry of Corporate Affairs. The Company has also uploaded details of such shareholders and shares due for transfer to Demat Account of the IEPF Authority on its website at [www.panchmahalsteel.co.in](http://www.panchmahalsteel.co.in). The details covers such shares in respect of which the dividend has not been claimed by the concerned shareholders for seven consecutive years after 2008-09.

10. The Notice of the AGM along with the Annual Report 2016-17 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. Members may also note that the Notice of the AGM and the Annual Report will also be available on the Company's website [www.panchmahalsteel.co.in](http://www.panchmahalsteel.co.in).
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. The information on Directors recommended for appointment / re-appointment as required under Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and paragraph 1.2.5 of Secretarial Standard-2 on General Meetings, are provided in "Details of Directors seeking Appointment/ Reappointment at the Annual General Meeting" annexed herewith as Annexure I.

#### 14. INSTRUCTIONS FOR E- VOTING

In compliance with the provisions of Section 108 and other applicable provisions of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by Companies (Management and Administration) Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by Central Depository Services (India) Limited (CDSL) platform.

The facility for voting through ballot paper will also be made available at the 44th Annual General Meeting and members attending the meeting, who have not already cast their vote by remote e-voting shall be able to exercise their voting rights at the meeting through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the meeting but shall not be entitled to cast their vote again. The instructions for e-voting are as under:

#### **Procedure for E-Voting**

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on **Monday, 18th September, 2017 (9.00 a.m. IST)** and ends on **Wednesday, 20th September, 2017 (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 **14th September, 2017**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the serial number which is printed on address slip pasted on Annual Report.
<b>Date of Birth (DOB)</b>	Enter the Date of Birth as registered with DP/RTA in dd/mm/yyyy format. OR
<b>Dividend Bank Details</b>	Enter the Dividend Bank Details as recorded with your DP/RTA. Please note - In respect of Physical shareholding and whose Date of Birth and Dividend Bank Details are not registered with DP/RTA should enter number of shares held by you as on the cut-off date i.e. <b>14th September, 2017</b> .

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN i.e. **170816012** of the Company "PANCHMAHAL STEEL LIMITED" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also use Mobile app - "m-Voting" for e voting. m-Voting app is available on IOS, Android & Windows based Mobile. Shareholders may log in to m-Voting using their e-voting credentials to vote for the company resolution(s).
- (xix) Note for Non-Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 **14th September, 2017**.
- 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 44th Annual General Meeting has been placed on the website of the Company viz. [www.panchmahalsteel.co.in](http://www.panchmahalsteel.co.in) and also on the website of CDSL.
- iv. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of the Scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- v. The Scrutinizer shall after the conclusion of voting the general meeting, will first count the vote cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witness not in employment of the Company and shall make within forty eight hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- vi. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.panchmahalsteel.co.in](http://www.panchmahalsteel.co.in) and on the website of CDSL immediately after declaration of results by the Chairman or a person authorized by him in writing. The results shall also be uploaded on the BSE Listing Portal.

Subject to receipt of requisite number of votes, the Resolutions shall deemed to be passed on the date of Annual General Meeting of the Company scheduled to be held on Thursday, 21st September, 2017.



## 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 No. 4 & 5 of the accompanying Notice:

#### **Item No. 4 :**

The Board of Directors at its meeting held on 14th August, 2017, on the recommendation of Nomination and Remuneration Committee, approved the re-appointment of Mr. Pradeep Sharma as whole time director, designated as "Director (Operations)" of the Company for a further period of three years from 26th October, 2017 to 25th October, 2020. This is subject to the approval of the members at this Annual General Meeting.

Mr. Pradeep Sharma, aged 53 years, is Director (Operations) of the Company. He is Commerce and Law Graduate and has been associated with the Company for more than 30 years. He is responsible for overall operations at the Plant besides corporate management, procurement & commercial activities of the Company. He is not holding directorship in any other company and not related with any other Director of the Company. He is holding 100 equity shares of Panchmahal Steel Limited.

Keeping in view that Mr. Pradeep Sharma has rich and varied experience in the Industry and has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Pradeep Sharma as Director (Operations) of the Company.

The main terms and conditions regarding the re-appointment and payment of remuneration and perquisites proposed to be paid to Mr. Pradeep Sharma from the date of his re-appointment are as under:

1. Period of Appointment: From 26th October, 2017 to 25th October, 2020.
2. Remuneration:
  - a) Salary: Rs.2,75,000/- 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, 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 (Operations), 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. Pradeep Sharma shall be liable to determination by retirement of directors by rotation. If Mr. Sharma is re-appointed as a director, immediately on retirement by rotation, he shall continue to hold office of Director (Operations) and such re-appointment as director shall not be deemed to constitute break in his appointment as Director (Operations).



5. As long as Mr. Pradeep Sharma functions as Director (Operations), 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 (Operations) shall look after overall operations at the plant subject to the superintendence, control and direction of the Managing Director.

Other terms and conditions are such as are customarily contained in an agreement of similar nature. The terms and conditions of the said appointment and/or agreement may be altered and varied from time to time by the board as it may, in its discretion, deem fit, including but not limited to the remuneration payable to Mr. Pradeep Sharma, Director (Operations) in accordance with the provisions of the Companies Act, 2013, rules thereunder or any amendments made therein.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013.

The draft of Agreement to be entered into between the Company and Mr. Pradeep Sharma is available for inspection at the Registered Office of the Company during business hours on any working day upto and including the day of this meeting.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Ordinary Resolution set out at item no. 4 of the accompanying Notice for the approval of the Members.

Mr. Pradeep Sharma may be deemed to be concerned or interested in the Resolution which pertain to his appointment and remuneration payable to him. None of the other Director(s)/ Key Managerial Personnel of the Company and /or their relative(s) is concerned or interested, financially or otherwise, in this resolution.

**Item No. 5:**

M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No. 00025) has been appointed by the Board of Directors of the Company, on the recommendation of the Audit Committee, to conduct the audit of the Cost Records of the Company for the financial year 2017-18.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is to be ratified by the Members of the Company.

Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year 2017-18 as set out in the resolution for aforesaid services to be rendered by him.

The Board of Directors recommends passing of ordinary resolution as set out at Item No. 5 of this Notice.

None of the other Director(s)/ Key Managerial Personnel of the Company and /or their relative(s) is concerned or interested, financially or otherwise, in this resolution.

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, 14th August, 2017

## ANNEXURE - I

### Details of Directors seeking Appointment/Re-appointment at the AGM

[In pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and paragraph 1.2.5 of Secretarial Standard-2 on General Meetings]

Name of the Director	Ms. Suchita Shah	Mr. Pradeep Sharma
DIN	00427169	00705862
Date of Birth & Age	22.12.1952 (65 years)	01.10.1964 (53 years)
Date of appointment on the Board	31.03.2015	26.10.2005
Educational Qualifications	BA	B.Com., LL.B.
Experience & Expertise	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 the Company since 1994 and served in the Company, holding senior management positions.	Mr. Pradeep Sharma has joined the services of the Company in the year 1988 and has held different managerial positions at different times. He is Responsible for overall operations at the Plant besides Corporate Management, Procurement & commercial activities of the Company.
Number of Meetings of the Board attended during the year	4 out of 4	4 out of 4
List of Directorship/Membership/Chairmanship of Committees of other Companies	<u>Directorship</u> Honeyvick Enterprises (P) Ltd.	Nil
Shareholding in the Company	1900 Equity Shares	100 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	None	None

## **DIRECTORS' REPORT**

To,  
The Members

Your Company's Directors are pleased to present the 44th Annual Report of the Company together with the Statement of Audited Accounts for the financial year ended 31st March, 2017.

### **FINANCIAL RESULTS**

(Rs. in crores)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from Operations	<b>329.99</b>	290.17
Operating Expenses	<b>312.09</b>	292.02
Operating Profit/(Loss) before Interest, Tax, Depreciation & Amortization	<b>17.90</b>	(1.85)
Depreciation & Amortization Expense	<b>7.78</b>	8.19
Finance Costs	<b>13.51</b>	11.31
Other Income	<b>3.64</b>	2.63
Profit/(Loss) before Exceptional & Extraordinary Items and Tax	<b>0.25</b>	(18.72)
Exceptional & Extraordinary Items	-	-
Profit/(Loss) before Tax	<b>0.25</b>	(18.72)
Tax Expense (including Deferred Tax)	<b>(0.07)</b>	(6.09)
Tax for Earlier Years	<b>0.03</b>	(0.04)
Profit/(Loss) after Tax	<b>0.29</b>	(12.59)
Balance brought forward from the previous year	<b>20.21</b>	32.80
Balance carried to Balance Sheet	<b>20.50</b>	20.21

### **TRANSFER TO RESERVES**

In view of inadequacy of profits for the financial year under review, no amount has been transferred to the Reserve.

### **STATE OF COMPANY AFFAIRS/REVIEW OF OPERATIONS**

The sales and other income of the Company increased to Rs.333.63 crores for the year under review. The Company reported a Profit after Tax of Rs.0.29 crores as compared to the loss of Rs.12.59 crores in the previous year. Though, the business environment continues to be challenging, considering the circumstances the performance of your Company was satisfactory during the year.

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, 2017.

### **SHARE CAPITAL**

The paid-up Equity Share Capital of your Company as on March 31, 2017 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 deposits as at 31st March, 2017.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors confirm that:

- in preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- 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;
- they have prepared the annual accounts on a 'going concern' basis;
- 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
- 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 DISCUSSION AND ANALYSIS REPORT

The Company has implemented procedures and adopted practices in conformity with the Code of Corporate Governance under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has implemented Code of Conduct for all its Executive Directors and Senior Management Personnel, Non-Executives Non-Independent and Independent Directors, who have affirmed compliance thereto. The said Code of Conduct has been posted on the website of the Company.

The Corporate Governance Report and the Management Discussion & Analysis Report, appearing elsewhere in this Annual Report, forms part of Directors Report. A certificate from the Statutory Auditors of the Company certifying the compliance of conditions of Corporate Governance is also annexed thereto.

## CORPORATE SOCIAL RESPONSIBILITY

The provisions as prescribed under Section 135 of the Companies Act, 2013 with regard to corporate social responsibility along with Rules made thereunder are not applicable to the Company. 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:

- given any loan to any person or other body corporate other than usual advances envisaged in a contract of supply of materials if any,
- given any guarantee or provide security in connection with a loan to any other body corporate or person; and
- 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.

## RELATED PARTY TRANSACTIONS

There were no related party transactions entered into during the financial year under Section 188 of Companies Act, 2013. The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's web-site.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Change in Directors

Mr. Hanish Malhotra, Director (Marketing) and Mr. Mohanraj M. Singhi, Independent Director, have resigned from the Board of Directors with effect from 17th May, 2017 and 8th July, 2017 respectively.

The Board records its appreciation for the valuable services rendered by both the Directors.

### Re-appointments

In accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder, Ms. Suchita Shah retires by rotation at the forthcoming Annual General Meeting and being eligible offer herself for re-appointment. The Board recommends her re-appointment.

The Board has re-appointed Mr. Pradeep Sharma as Director (Operations) of the Company w.e.f. 26th October, 2017 for a period of 3 years. The Board recommends his re-appointment.

### Key Management Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Management Personnel of the Company are - Mr. Ashok Malhotra, Chairman & Managing Director, Mr. Pradip H. Gupta, Chief Financial Officer and Mr. Deepak Nagar, GM (Legal) & Company Secretary.

### 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 Regulation 16(1)(b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In accordance with the provisions of Section 152(6)(e) of the Companies Act, 2013, none of the Independent Directors are liable to retire by rotation.

### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as of the Audit, Nomination & Remuneration & Stakeholders Relationship Committees of the Board. The details of Board evaluation process have been provided under the Corporate Governance Report.

### Familiarization Programme for Independent Directors

In compliance with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization programme for Independent Directors to familiarize them with their role, rights and responsibilities as Directors, the operations of Company, business overview etc. The details of familiarization programme are explained in the Corporate Governance Report.

### Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee had framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The details of the Remuneration Policy forms part of Corporate Governance Report of this Annual Report.

### Number of Meetings of the Board of Directors and Audit Committee

During the year 4 (four) 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 and Regulation 17(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

## **AUDITORS AND AUDITORS' REPORT**

### Statutory Auditors

M/s. JRS Patel & Co., Chartered Accountants, the existing Statutory Auditors of the Company were re-appointed at the 41st Annual General Meeting (AGM) held on 30th September, 2014 to hold office till the conclusion of forthcoming 44th AGM for a period of 3 years. Accordingly, they will retire at this AGM.

In accordance with the provision of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the relevant Rules framed thereunder, the Board of Directors have proposed to appoint M/s Atul Parikh & Co., Chartered Accountants, Vadodara as Statutory Auditors of the Company for a term of 5 consecutive years at the ensuing 44th AGM till the conclusion of 49th AGM, in place of retiring Auditors M/s. JRS Patel & Co., Chartered Accountants. They have furnished their consent and requisite certificate pursuant to the Act in respect of their proposed appointment.

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 2017-18. The Cost Audit Report for the Financial Year 2015-16 was filed with the Ministry of Corporate Affairs on 24th August, 2016.

#### Secretarial Auditor

In terms of the provisions of Section 204 of the Companies Act, 2013, Mr. Niraj Trivedi, Practising Company Secretary, Vadodara, has been re-appointed by the Board as Secretarial Auditor of the Company for the financial year 2017-18.

The Secretarial Audit Report as issued by the Secretarial Auditor in Form No. MR-3 for the financial year 2016-17 is annexed herewith as "Annexure - A" and forms integral part of this Annual Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **EXTRACT OF ANNUAL RETURN**

The extract of Annual Return required under Section 134(3)(a) and 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, forms part of this report as "Annexure - B".

### **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**

The Company has a Risk Management Policy to ensure 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. The provisions relating to Risk Management Committee are not applicable to 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.

The Company has in place adequate internal financial controls with reference to financial statements.

### **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**

The information required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as "Annexure - D" to this Report.



The statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out under Section 197(12) of the Act read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is 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**

Honeyvick Enterprises Private Limited is a holding company of your Company, holding 55.12% Equity Share Capital of the Company. Neither the Company has any subsidiary/ associate/ joint venture Company nor any other Company has become subsidiary/ associate/ joint venture company of the Company during the year.

#### **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 2016-17, the Company has not received any complaints on sexual harassment and hence no complaints remain pending as of 31 March, 2017.

#### **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 : 14th August, 2017

**Ashok Malhotra**  
**Chairman & Managing Director**

## “Annexure - A” to Directors’ Report

### SECRETARIAL AUDIT REPORT

**FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members

**M/s. PANCHMAHAL STEEL LIMITED**

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 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, 2017 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, 2017 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 (FDI), Overseas Direct Investment (ODI) 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, 2015;
  - (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 (Share Based Employee Benefits) Regulations, 2014; - 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; 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 -Based on the information provided and the representation made by the Company and its officers and also on the review of the compliance reports taken on record by the Board of Directors of the Company,

in our opinion, adequate systems and processes exist in the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations as applicable to the Company namely :

- i. The Apprentices Act, 1961
- ii. The Contract Labour (R & A) Act, 1970
- iii. The Child Labour (P & R) Act, 1986
- iv. The Industrial Employment (Standing Orders) Act, 1946
- v. The Industrial Disputes Act, 1947
- vi. The Minimum Wages Act, 1948
- vii. The Payment of Gratuity Act, 1972
- viii. The Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- ix. The Equal Remuneration Act, 1976
- x. The Employees State Insurance Act, 1948
- xi. The Payment of Bonus Act, 1965
- xii. The Payment of Wages Act, 1936
- xiii. The Factories Act, 1948
- xiv. The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959
- xv. The Employees Compensation Act, 1923
- xvi. The Maternity Benefit Act, 1961
- xvii. The Sexual Harassment of Women at Workplace (PD & R) Act, 2013
- xviii. The Air (Prevention & Control of Pollution) Act, 1981
- xix. The Water (Prevention & Control of Pollution) Act, 1974
- xx. The Hazardous Waste Act, 1989
- xxi. The Trade Marks Act, 1999

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) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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, agendas 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were carried through on the basis of majority and there were no dissenting views.

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 other specific events /actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Place: Vadodara  
Date: 14th August, 2017

Signature : Sd/-  
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 and forms an integral part of this report.

**Annexure to Secretarial Audit Report**

To,  
The Members  
M/s. PANCHMAHAL STEEL LIMITED  
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: 14th August, 2017

Signature : Sd/-  
Name of PCS : **NIRAJ TRIVEDI**  
FCS : 3844  
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. : 02676-304777 Fax No. : 02676-304889 E-mail : <a href="mailto:shares@panchmahalsteel.co.in">shares@panchmahalsteel.co.in</a> Website : <a href="http://www.panchmahalsteel.co.in">www.panchmahalsteel.co.in</a>
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s MCS Share Transfer Agent Limited 10, Aram Apartment, 12, Sampatrao Colony, B/h Laxmi Hall, Alkapuri, Vadodara-390 007 Phone : 0265-2314757, 2350490 Fax : 0265-2341639 E-mail : <a href="mailto:mcsltbaroda@gmail.com">mcsltbaroda@gmail.com</a>

#### 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	% to total turnover of the company
1.	Bars & Rods of Stainless Steel, Hot -Rolled, in irregularly wound coils	27163	46.39
2.	Other Bars & Rods of Stainless Steel	27153	16.69
3.	Wires of Stainless Steel	27183	36.26

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name & Address of the Company	CIN/GLN	% of Shares held
1.	<u>Holding Company</u> Honeyvick Enterprises Private Limited Landmark, 8th Floor, Race Course Circle, Vadodara-390 007	– U73100GJ1990PTC014087	– 55.12

**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 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF*	2988725	-	2988725	15.67	2988725	-	2988725	15.67	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	10516005	-	10516005	55.12	10516005	-	10516005	55.12	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>13504730</b>	<b>-</b>	<b>13504730</b>	<b>70.79</b>	<b>13504730</b>	<b>-</b>	<b>13504730</b>	<b>70.79</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	5700	5700	0.03	-	5700	5700	0.03	-
b) Banks / FI	2044814	200	2045014	10.72	754635	200	754835	3.96	(6.76)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	331000	-	331000	1.73	331000	-	331000	1.73	-
g) FIs	-	1000	1000	0.01	-	1000	1000	0.01	-
h) Foreign VC Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>2375814</b>	<b>6900</b>	<b>2382714</b>	<b>12.49</b>	<b>1085635</b>	<b>6900</b>	<b>1092535</b>	<b>5.73</b>	<b>(6.76)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	1709069	3300	1712369	8.98	2261115	3300	2264415	11.87	2.89
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	661140	196905	858045	4.50	1207888	194205	1402093	7.35	2.85
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	552764	-	552764	2.90	713978	-	713978	3.74	0.84
c) Others - HUF	59662	-	59662	0.31	78965	-	78965	0.42	0.11
Non Resident Indians	8045	-	8045	0.04	21613	-	21613	0.11	0.07
OCB/Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts/Foreign Bodies	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>2990680</b>	<b>200205</b>	<b>3190885</b>	<b>16.72</b>	<b>4283559</b>	<b>197505</b>	<b>4481064</b>	<b>23.49</b>	<b>6.76</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>5366494</b>	<b>207105</b>	<b>5573599</b>	<b>29.21</b>	<b>5369194</b>	<b>204405</b>	<b>5573599</b>	<b>29.21</b>	<b>-</b>
<b>C. Shares held by Custodian for GDR/ADR</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>18871224</b>	<b>207105</b>	<b>19078329</b>	<b>100.00</b>	<b>18873924</b>	<b>204405</b>	<b>19078329</b>	<b>100.00</b>	<b>-</b>

\* In terms of Regulation 10(1)(d)(iii) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011, Mr. Ashok Malhotra, who is a part of Promoter and Promoter Group, has acquired 1,81,634 Equity Shares on 29.03.2017 & 1,68,701 Equity Shares on 30.03.2017. As per the data provided by the RTA of the Company, these 3,50,335 Equity Shares were not credited to the Beneficiary Account as at 31.03.2017. Therefore, the same has not been reflected in the Shareholding Pattern provided hereinabove.



**B) Shareholding of Promoter(s)-**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 1st April 2016)			Shareholding at the end of the year (As on 31st March 2017)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Ashok Malhotra*	2109605	11.06	5.95	2109605	11.06	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	Honeyvick Enterprises (P) Ltd.	10516005	55.12	18.25	10516005	55.12	18.25	-
	<b>Total</b>	<b>13504730</b>	<b>70.79</b>	<b>25.54</b>	<b>13504730</b>	<b>70.79</b>	<b>25.54</b>	<b>-</b>

\* In terms of Regulation 10(1)(d)(iii) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011, Mr. Ashok Malhotra, who is a part of Promoter and Promoter Group, has acquired 1,81,634 Equity Shares on 29.03.2017 & 1,68,701 Equity Shares on 30.03.2017. As per the data provided by the RTA of the Company, these 3,50,335 Equity Shares were not credited to the Beneficiary Account as at 31.03.2017. Therefore, the same has not been reflected in the shareholding of Mr. Ashok Malhotra as at 31.03.2017.

**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		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	<ul style="list-style-type: none"> <li>- At the beginning of the year</li> <li>- Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)</li> <li>- At the end of the year</li> </ul>	No change during the year *			

\* In terms of Regulation 10(1)(d)(iii) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011, Mr. Ashok Malhotra, who is a part of Promoter and Promoter Group, has acquired 1,81,634 Equity Shares on 29.03.2017 & 1,68,701 Equity Shares on 30.03.2017. As per the data provided by the RTA of the Company, these 3,50,335 Equity Shares were not credited to the Beneficiary Account as at 31.03.2017. Therefore, the same has not been reflected in the Statement of Change in Promoters Shareholding.

**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 1st April 2016)		Cumulative Shareholding during the year (As on 31st March 2017)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Asset Reconstruction Company (India) Ltd.	789806	4.14	789806	4.14
2.	Gujarat Ind. Investment Corporation Ltd.	750329	3.93	750329	3.93
3.	Manohar Manek Alloys Private Limited	480022	2.51	471332	2.47
4.	Movies N More (India) Private Limited	377714	1.98	377714	1.98
5.	Life Insurance Corporation of India	331000	1.74	331000	1.74

Sr. No.	Name of the Promoter	Shareholding at the beginning of the year (As on 1st April 2016)		Cumulative Shareholding during the year (As on 31st March 2017)	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
6.	ICICI Limited	-	-	270000	1.42
7.	Tanvi Jignesh Mehta	-	-	196128	1.03
8.	Jhaveri Securities Limited	-	-	184934	0.97
9.	Mahendra Girdharilal	109163	0.57	109163	0.57
10.	Anu Narayan	17957	0.09	83128	0.44

**E) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Name of Director/ KMP	Period	Shareholding at the beginning of the year (as on 1st April, 2016)		Cumulative Shareholding during the year (as on 31st March, 2017)	
			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	2109605	11.06		
		At the end of the year			2109605*	11.06*
2.	Mr. Mohanraj M. Singhi Independent Director	At the beginning of the year	Nil	Nil		
		At the end of the year			Nil	Nil
3.	Mr. Nilesh B. Mehta Independent Director	At the beginning of the year	Nil	Nil		
		At the end of the year			Nil	Nil
4.	Mr. Amal Dutt Dhru Independent Director	At the beginning of the year	Nil	Nil		
		At the end of the year			Nil	Nil
5.	Mr. Milan P. Shah Independent Director	At the beginning of the year	200	0.00		
		At the end of the year			200	0.00
6.	Ms. Suchita Shah Non-Independent NE Director	At the beginning of the year	1900	0.02		
		At the end of the year			1900	0.02
7.	Mr. Hanish A. Malhotra Director (Marketing)	At the beginning of the year	454900	2.38		
		At the end of the year			454900	2.38
8.	Mr. Pradeep R. Sharma Director (Operations)	At the beginning of the year	100	0.00		
		At the end of the year			100	0.00
9.	Mr. Pradip H. Gupta Chief Financial Officer	At the beginning of the year	Nil	Nil		
		At the end of the year			Nil	Nil
10.	Mr. Deepak R. Nagar Company Secretary	At the beginning of the year	Nil	Nil		
		At the end of the year			Nil	Nil

\* In terms of Regulation 10(1)(d)(iii) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011, Mr. Ashok Malhotra, who is a part of Promoter and Promoter Group, has acquired 1,81,634 Equity Shares on 29.03.2017 & 1,68,701 Equity Shares on 30.03.2017. As per the data provided by the RTA of the Company, these 3,50,335 Equity Shares were not credited to the Beneficiary Account as at 31.03.2017. Therefore, the same has not been reflected in the Statement of Shareholding of Directors & KMP.

**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
<b>Indebtedness at the beginning of the financial year - (Working Capital)</b>				
i) Principal Amount	59,82,75,244	2,25,00,000	-	62,07,75,244
ii) Interest due but not paid	-	2,81,250	-	2,81,250
iii) Interest accrued but not due	5,51,065	-	-	5,51,065
<b>Total (i+ii+iii)</b>	<b>59,88,26,309</b>	<b>2,27,81,250</b>	<b>-</b>	<b>62,16,07,559</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	-	7,65,18,750	-	7,65,18,750
* Reduction	13,83,281	-	-	13,83,281
<b>Net Change</b>	<b>13,83,281</b>	<b>7,65,18,750</b>	<b>-</b>	<b>7,51,35,469</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	59,65,98,142	9,93,00,000	-	69,58,98,142
ii) Interest due but not paid (Net of TDS)	-	-	-	-
iii) Interest accrued but not due	8,44,886	-	-	8,44,886
<b>Total (i+ii+iii)</b>	<b>59,74,43,028</b>	<b>9,93,00,000</b>	<b>-</b>	<b>69,67,43,028</b>

**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	30,07,500	27,07,500	1,35,15,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	9,17,309	8,21,592	4,80,000	22,18,901
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	30,50,000	2,50,000	8,22,500	41,25,000
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Others (contribution to PF & SAF)	9,36,000	3,60,000	4,74,000	17,70,000
	<b>Total (A)</b>	<b>1,27,03,309</b>	<b>44,39,092</b>	<b>44,86,500</b>	<b>2,16,28,901</b>
	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	50,000	50,000	1,00,000	1,40,000	3,40,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>50,000</b>	<b>50,000</b>	<b>1,00,000</b>	<b>1,40,000</b>	<b>3,40,000</b>
		Ms. Suchita Shah				
2	<u>Other Non-Executive Directors</u>					
	Fee for attending Board/Committee meetings	40,000	-	-	-	40,000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000</b>
	<b>Total (B)=(1+2)</b>					<b>3,80,000</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>2,20,08,901</b>
	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 CFO	Mr. Deepak Nagar Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,67,500	7,87,500	20,55,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,34,000	86,546	3,20,546
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	1,80,000	2,70,000	4,50,000
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others (Contribution to PF & SAF)	3,01,200	93,600	3,94,800
	<b>Total</b>	<b>19,82,700</b>	<b>12,37,646</b>	<b>32,20,346</b>

**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
<b>A. Company</b>					
Penalty Punishment Compounding			None		
<b>B. Director</b>					
Penalty Punishment Compounding			None		
<b>C. Other Officers in Default</b>					
Penalty Punishment Compounding			None		

For and on behalf of the Board of Directors

Place : Vadodara  
Date : 14th August, 2017

**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:**

(Rs. in crores)

	Particulars	2016-17	2015-16
i.	Foreign Exchange Earnings	<b>63.87</b>	72.86
ii.	CIF Value of Imports	<b>134.61</b>	128.18
iii.	Expenditure in Foreign Currency	<b>0.28</b>	0.53

For and on behalf of the Board of Directors

Place : Vadodara  
Date : 14th August, 2017

**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.127.03 Lakhs (including PF contribution)
d)	Nature of Employment	Contractual
e)	Qualification of employee	B.Com.
f)	Experience of employee	45 years
g)	Date of commencement of employment	01.12.1976
h)	Age of employee	65 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	11.06*
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.	-

\* In terms of Regulation 10(1)(d)(iii) of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 2011, Mr. Ashok Malhotra, Chairman & Managing Director of the Company, who is also a part of Promoter and Promoter Group, has acquired 1,81,634 Equity Shares on 29.03.2017 & 1,68,701 Equity Shares on 30.03.2017. As per the data provided by the RTA of the Company, these 3,50,335 Equity Shares were not credited to the Beneficiary Account as at 31.03.2017. Therefore, the same has not been reflected in the Shareholding held by Mr. Ashok Malhotra.

### 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)		
		74.35	25.98	26.28		
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
		Nil	Nil	Nil	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 2016-17 was Rs. 1.71 Lacs per annum as compared to Rs. 1.42 lacs for the financial year 2015-16.				
4	The number of permanent employees on the rolls of Company.	463				
5	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			2016-17	Justification/Remark
		Salaries and Wages Employees			9.71	-
		Managerial Remuneration			Nil	-
6	The key parameters for any variable component of remuneration availed by the directors.	Not Applicable				
7	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.				



## Report on Corporate Governance

The Board of Directors present the Company's Report on Corporate Governance for the financial year ended 31st March, 2017 and upto the signing of this report as hereunder, in terms of Regulation 34(3) read with Schedule V(C) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### 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

#### Composition of the Board

The Composition of Board is in conformity with Regulation 17(1)(b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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, 2017 stood as under:

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

\* excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013

\*\* Mr. Mohanraj M. Singhi has resigned from the Board of Directors of the Company w.e.f. 8th July, 2017.

\*\*\* Mr. Hanish Malhotra has resigned from the Board of Directors of the Company w.e.f. 17th May, 2017.

The Board at present consists of six (6) Directors, including Executive Chairman. Out of these directors, three (3) are Independent Directors.

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 and also do not serve as Independent Directors in more than 3 listed companies, if they hold any position as Whole-time Director in any listed company.

#### Board Meetings and Attendance of Directors

The Board meeting is conducted at least once in every quarter to consider amongst other businesses, the performance of the Company and Quarterly Financial Results. The Agenda of the business(es) to be transacted at the Board Meeting along with explanatory notes thereof are circulated well in advance to the Board of Directors of the Company.

During the year under review, 4 (Four) Board Meetings were held on 27th May, 2016, 13th August, 2016, 12th November, 2016 & 11th February, 2017. The Forty Third Annual General Meeting was held on 26th September, 2016. The maximum gap between two Board Meetings was always less than one hundred and twenty days as prescribed under Regulation 17(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

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 Meeting held during the year	No. of Board Meetings attended	Attendance at the AGM
1.	Mr. Ashok R. Malhotra	4	4	Yes
2.	Mr. Nilesh B. Mehta	4	4	No
3.	Mr. Mohanraj M. Singhi	4	3	No
4.	Mr. Amal Dutt Dhru	4	4	Yes
5.	Mr. Milan P. Shah	4	4	No
6.	Ms. Suchita Shah	4	4	No
7.	Mr. Hanish A. Malhotra	4	4	Yes
8.	Mr. Pradeep R. Sharma	4	4	Yes

#### Independent Directors' Meeting

During the year under review, the Independent Directors met on February 11, 2017, 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.

#### Disclosure of Relationships between Directors inter-se

Mr. Ashok Malhotra, Chairman & Managing Director and Mr. Hanish Malhotra Director (Marketing) of the Company are related to each other. Nonetheless, Mr. Hanish Malhotra has resigned from the Board w.e.f. 17th May, 2017.

None of the other Directors of the Company are related to each other.

#### Details of Equity Shares held by Non-Executive/Independent Directors as on 31st March, 2017

Sr. No.	Name of the Non-Executive Directors	No. of Shares held
1.	Mr. Nilesh B. Mehta	Nil
2.	Mr. Mohanraj M. Singhi	Nil
3.	Mr. Amal Dutt Dhru	Nil
4.	Mr. Milan P. Shah	200
5.	Ms. Suchita Shah	1900

#### Familiarization Programme for Independent Directors

The Company has formulated a Programme for Familiarization of Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the company operates and its business model etc. 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.

During the year under review, there was no change in the nature of business of the Company and its business vertical/structure/operational strategy etc. which would have necessitated a fresh familiarization programme for the Independent Directors. The Company's Policy of conducting the Familiarisation Program has been disclosed on the website of the Company at [www.panchmahalsteel.co.in](http://www.panchmahalsteel.co.in)

### **3. COMMITTEES OF THE BOARD**

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

- (i) Audit Committee
- (ii) Nomination & Remuneration Committee
- (iii) Stakeholders Relationship Committee

The Board is responsible for the constitution, co-opting and determining the terms of reference of these Committees from time to time. The 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 Corporate Social Responsibility Committee nor has adopted the CSR policy.

#### **A) 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 SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

##### Composition:

The Audit Committee of the Company comprises of three (3) members, 2 of them are Independent Directors. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements. The Composition of the Committee as at 31st March, 2017 was as under:

Sr. No.	Name of Member	Status	Category
1.	Mr. Amal Dutt Dhru	Chairman	Non-Executive Independent Director
2.	Mr. Milan P. Shah	Member	Non-Executive Independent Director
3.	Mr. Hanish A. Malhotra*	Member	Non-Independent Executive Director

\* ceased to be a member of Audit Committee w.e.f. 17th May, 2017.

The Board of Directors has re-constituted the Audit Committee at its meeting held on 17th May, 2017. Mr. Ashok Malhotra, Non-Independent Executive Director has been inducted as member of the Audit Committee vice Mr. Hanish Malhotra.

##### Terms of Reference:

The role and terms of reference of the Audit Committee covers the matters specified under Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. Besides having access to all the required information from the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters.

#### Meeting & Attendance during the year

During the year, 4 Audit Committee Meetings were held on 27th May, 2016, 13th August, 2016, 12th November, 2016 & 11th February, 2017. The Attendance of Members at meetings was as under:

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

#### **B) Nomination & Remuneration Committee**

The role, powers and broad terms of reference of the Nomination & Remuneration Committee covers the area as contemplated under Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013.

##### Composition:

The Composition of the Nomination & Remuneration Committee as at 31st March, 2017 was as under:

Sr.No.	Name of Member	Category
1.	Mr. Mohanraj M. Singhi*	Chairman, Non-Executive Independent Director
2.	Mr. Amal Dutt Dhru	Member, Non-Executive Independent Director
3.	Mr. Milan P. Shah	Member, Non-Executive Independent Director

\*ceased to be a member w.e.f. 8th July, 2017.

The Board of Directors has re-constituted the Nomination & Remuneration Committee at its meeting held on 14th August, 2017. Ms. Suchita Shah, Non-Independent Non-Executive Director has been inducted as member of the Nomination & Remuneration Committee vice Mr. Mohanraj M. Singhi and Mr. Amal Dutt Dhru has been designated as Chairman of the Committee.

The Company Secretary acts as the Secretary to the Committee.

#### Meetings and Attendance during the year

During the year under review, 1 (one) meeting of the Nomination & Remuneration Committee was held on 11th February, 2017. The Attendance of Members at meeting was as under:

Sr. No.	Name of Member	Status	Category	No. of Meetings	
				Held	Attended
1.	Mr. Mohanraj M. Singhi	Chairman	Non-Executive Independent Director	1	1
2.	Mr. Amal Dutt Dhru	Member	Non-Executive Independent Director	1	1
3.	Mr. Milan P. Shah	Member	Non-Executive Independent Director	1	1

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of the directors as well as of its Audit, Nomination and Remuneration and Stakeholder Relationship 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 of the Company, which is as follows:

##### 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.

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 be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmark 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.

**C) Stakeholders Relationship Committee**

In compliance with Section 178(5) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has constituted the Stakeholders Relationship Committee.

Composition

The composition of the Stakeholders Relationship Committee as on 31st March, 2017 was as under:

Sr. No.	Name	Category
1.	Mr. Milan P. Shah	Chairman, Non-Executive Independent Director
2.	Mr. Hanish A. Malhotra*	Member, Non-Independent Executive Director
3.	Mr. Pradeep R. Sharma	Member, Non-Independent Executive Director

\*ceased to be a member w.e.f. 17th May, 2017.

The Board of Directors has re-constituted the Stakeholders Relationship Committee at its meeting held on 14th August, 2017. Ms. Suchita Shah, Non-Independent Non-Executive Director has been inducted as member of the Stakeholders Relationship Committee vice Mr. Hanish Malhotra.

The Company Secretary acts as the Secretary to the Committee.

Terms of Reference

The broad terms of reference of the Stakeholders Relationship Committee inter alia, include the following :

- 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 Annual Report.
  - To look into other related issues towards strengthening investors' relations.
- To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
- 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.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Meetings and Attendance during the year

During the year, 4 Audit Committee Meetings were held on 27th May, 2016, 13th August, 2016, 12th November, 2016 & 11th February, 2017. The Attendance of Members at meetings was as under:

Sr. No.	Name of the Member	No. of Meetings	
		Held	Attended
1.	Mr. Milan P. Shah, Chairman	4	4
2.	Mr. Hanish A. Malhotra, Member	4	4
3.	Mr. Pradeep R. Sharma, Member	4	4

At each Meeting of the Stakeholders Relationship 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, 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 for approval by Mr. Deepak Nagar, GM (Legal) & Company Secretary the Compliance Officer.

Details of Shareholders Complaints received and attended during the year 2016-17 were as under:-

Nature of Complaints	As on 1st April, 2016	Received during the year	Redressed during the year	As on 31st March, 2017
From Investors/Shareholders	-	-	-	-
From Stock Exchange/SEBI	-	-	-	-
<b>TOTAL</b>	-	-	-	-

#### 4. 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
30.09.2014	10.00 a.m.	Annual General Meeting	2*
28.09.2015	10.00 a.m.	Annual General Meeting	2**
26.09.2016	10.00 a.m.	Annual General Meeting	--

\* 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.

\*\* Special Resolution passed were for: (i) Approval for Re-appointment and remuneration payable to Mr. Ashok Malhotra as Managing Director of the Company for a further period of 3 years w.e.f. 1st April, 2015; & (ii) adoption of new set of Articles of Association in place of existing Articles of Association u/s 14 and other applicable provisions of the Companies Act, 2013.

No special resolution was passed through postal ballot during the financial year 2016-17. At the forthcoming Annual General Meeting, there is no item on the agenda requiring postal ballot.

#### 5. 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 & Loksatta (Gujarati). Website of the Company is [www.panchmahalsteel.co.in](http://www.panchmahalsteel.co.in)

(ii) No Presentations were made to the Institutional Investors or to the analysts during the financial year 2016-17 and no official news were released for the same except routine publication of financial results as aforesaid.



## 6. General Information for Shareholders

(i)	Day, Date, Time & Venue of the 44th Annual General Meeting (AGM)	Thursday, the 21st September, 2017 at 10.00 a.m. Venue : GIDC Industrial Estate, Kalol-389 330, Dist. Panchmahals, Gujarat
(ii)	Financial Year	1st April, 2017 to 31st March, 2018
(iii)	Date of Book Closure	From Thursday, the 14th September, 2017 to Thursday, the 21st September, 2017 (both days inclusive).
(iv)	Dividend Payment Date	The Board has not recommended any dividend for the year ended 31.03.2017.
(v)	Name & Address of Stock Exchange(s) where the securities are listed.	BSE Limited (P.J. Towers, Dalal Street, Mumbai-400 001) The Company has paid Listing Fees for the year 2017-18 to the Stock Exchange.
(vi)	Stock Code	BSE - 513511
(vii)	ISIN for NSDL & CDSL	INE 798F01010
(viii)	CIN	L27104GJ1972PLC002153
(ix)	Registrar & Share Transfer Agent (RTA)	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 Email : mcsltbaroda@gmail.com

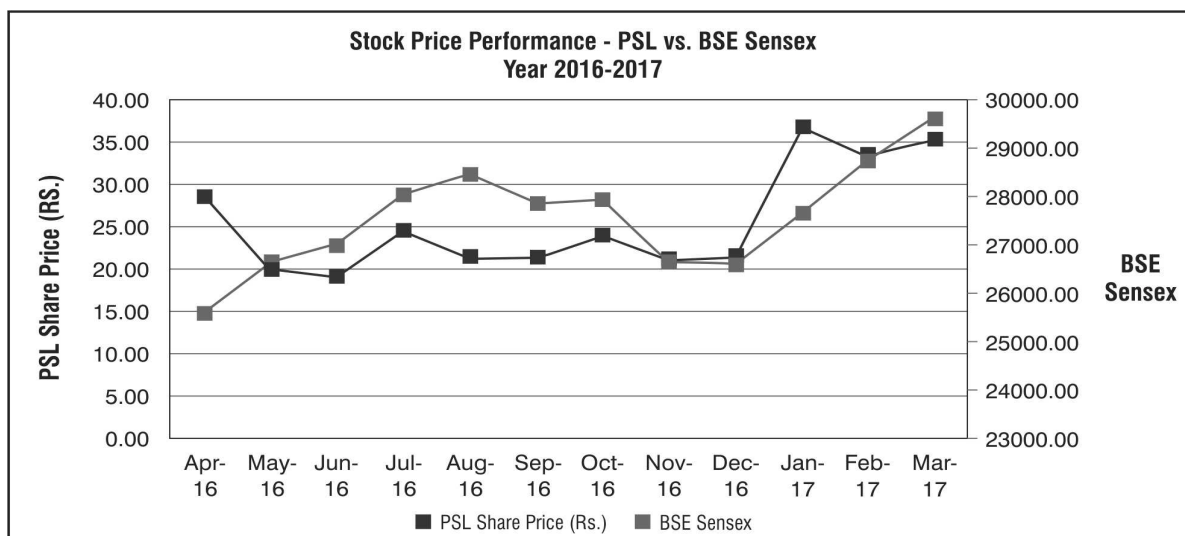
### (x) Share Transfer System

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 Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and files a copy of the said certificate with Stock Exchanges.

### (xi) Market Price Data

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

Month	Share Price (Rs.)		Quantity Traded (No. of Shares)
	High	Low	
April, 2016	29.95	16.55	2,55,844
May, 2016	28.50	19.70	85,798
June, 2016	21.90	17.15	46,495
July, 2016	27.40	19.20	1,07,590
August, 2016	24.70	20.00	92,627
September, 2016	25.65	20.00	52,166
October, 2016	25.60	20.10	1,05,353
November, 2016	25.40	18.55	93,556
December, 2016	25.40	20.70	3,09,049
January, 2017	37.30	21.05	7,27,325
February, 2017	43.50	31.60	3,75,827
March, 2017	35.40	27.65	8,08,302

(xii) Share price performance in comparison to broad based indices - BSE Sensex(xiii) Distribution of Shareholding as at 31.03.2017

No. of Equity Shares held	Shareholders		Shares held	
	Number	% to Total Shareholders	Number	% to Total Capital
1 - 500	3460	88.33	458280	2.40
501 - 1000	186	4.75	157420	0.82
1001 - 2000	102	2.61	153548	0.80
2001 - 3000	47	1.20	122836	0.65
3001 - 4000	22	0.56	80993	0.43
4001 - 5000	24	0.61	112396	0.59
5001 - 10000	30	0.77	242347	1.27
10001 & above	46	1.17	17750509	93.04
<b>Total</b>	<b>3917</b>	<b>100.00</b>	<b>19078329</b>	<b>100.00</b>

(xiv) Category of Shareholding as at 31.03.2017

Category	Number of Shareholders	Shares held	
		Number	% to Total Capital
Promoter & Promoter Group	5	13504730	70.79
Institutional Investors :			
- Mutual Funds/UTI	3	5700	0.03
- Banks, Financial Institutions,	4	754835	3.96
- Insurance Companies	1	331000	1.73
- Foreign Institutional Investors	1	1000	0.01
Non-Institutional Investors :			
- Bodies Corporate	102	2264415	11.87
- Non Resident Individuals	10	21613	0.11
- Public	3791	2195036	11.50
<b>Total</b>	<b>3917</b>	<b>19078329</b>	<b>100.00</b>

(xv) Dematerialisation of Shares

The Equity Shares of the Company are compulsorily traded in dematerialized form. The Company has established connectivity with both the depositories - NSDL and CDSL for dematerialization of shares and the same are available in electronic segment under ISIN INE 798F01010. As on 31st March, 2017, total 1,88,73,924 Equity Shares of the Company representing 98.93% of the Share Capital were in electronic form. The details are as under:

Particulars	Shares	% to Total Issued Capital
No. of Shares held in dematerialized form in NSDL	1,71,88,688	90.10
No. of Shares held in dematerialized form in CDSL	16,85,236	8.83
No. of Shares held in physical form	2,04,405	1.07
<b>Total</b>	<b>1,90,78,329</b>	<b>100.00</b>

(xvi) Outstanding GDRs/ADRs/ Warrants or any convertible instruments - Not Applicable

(xvii) Plant Location

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

(xviii) Address for Correspondence

Shareholders may correspond with the Company at the Corporate 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 Email : mcsLtdbaroda@gmail.com
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**7. Other Disclosures:**(a) Related Party Disclosures:

During the financial year 2016-17, there were no materially significant transactions with related party i.e. transactions of the Company of material nature with its Promoters, 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.

(b) Details of non-compliance:

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.

(c) 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 have been denied access to the Audit Committee.

(d) Code of Conduct for Directors and Senior Management Personnel

In compliance with Regulation 26(3) of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and the Companies Act, 2013, 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.

(e) Prevention of Insider Trading

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

(i) 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.

(ii) 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.

(f) CEO/CFO Certificate

As required by SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, the CEO i.e., Chairman & Managing Director and CFO has furnished the requisite certificate to the Board of Directors of the Company.

(g) Management Discussion and Analysis Report

The Management Discussion and Analysis Report prepared by the management & forming part of Annual Report is separately attached.

## 8. Adoption of Mandatory & Non-Mandatory Requirements

The Company has complied with the mandatory requirements SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. 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.

## 9. Certificate on Corporate Governance

The Company has obtained a certificate from M/s. JRS Patel & Co. Chartered Accountants, Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations. 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 SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

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 2016-17.

Place : Vadodara  
Date : 14th August, 2017

**Ashok Malhotra**  
Chairman & Managing Director

### **Auditors' Certificate on Corporate Governance**

[As required under Schedule V of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015]

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 31st March, 2017, as stipulated in Chapter IV of Securities Exchange Board of India (Listing Obligations & Disclosure Requirement) Regulations, 2015 .

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 / Listing Regulations, as applicable.

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

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

Place : Vadodara  
Date : 14th August, 2017

**Nitin Patni**  
Partner  
Membership No. 15612

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

[Pursuant to Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

We have reviewed the attached Financial Statements and the Cash Flow Statement of PANCHMAHAL STEEL LIMITED for the year ended 31 March 2017, 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.

Place : Vadodara

Date : 17th May, 2017

**Ashok Malhotra**

Chairman & Managing Director

**Pradip H. Gupta**

Chief Financial Officer

### **Management Discussion and Analysis Report**

#### **Industry Structure, Developments**

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. Stainless Steel increasingly making its presence felt in places we could not have imagined a decade ago. The infrastructure development in India is steadily increasing the demand of stainless steel usage.

#### **Performance**

The sales and other income of the Company increased to Rs.333.63 crores for the year under review. The Company reported a Profit after Tax of Rs.0.29 crores as compared to the loss of Rs.12.59 crores in the previous year. Though, the business environment continues to be challenging, considering the circumstances the performance of your Company was satisfactory during the year.

#### **Opportunities, Threats and Future Outlook**

The Company is an established and recognized quality producer of stainless Steel long products and exporting around the world. The Company has developed stringent quality system over the period of time and the Company's products have been well accepted the world over.

However, there is a fierce competition in the stainless steel sector. The Company is also vulnerable to highly volatile nickel and ferro alloys prices.

The outlook of stainless steel is promising, spurred by Government's renewed focus on infrastructure development. The transition to the new GST regime is expected to be favourable.

#### **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.

Place : Vadodara

Date : 14th August, 2017

**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 2017, the Statement of Profit and Loss and 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.

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI').

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **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 and the Guidance Note on Audit of Internal Financial Controls over Financial Reporting. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement and whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements and the adequacy of internal financial controls over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The



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

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

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion 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, 2017, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act dated 29.03.2016, we give in the Annexure A, 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, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
- f. in our opinion considering nature of business and size of operation, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.
- g. 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.
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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

Place : Vadodara  
Date : 17th May, 2017.

**(Nitin Patni)**  
Partner  
Membership No. 15612

**ANNEXURE A 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, 2017 OF PANCHMAHAL STEEL LIMITED, KALOL.**

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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.
  - (c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
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) 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, limited liability partnerships or other parties listed in register maintained under Section 189 of the Companies Act, 2013. Accordingly, sub-clauses (a), (b) and (c) of (iii) of the said Order are not applicable.
4. In our opinion and according to explanations given to us, the Company has not entered into any transactions with respect to loans and investments as prescribed under Sections 185 and 186 of the Companies Act, 2013.
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 thereunder 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, the Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, 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, 2017 for a period of more than six months from the date they became payable.
8. 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, 2017 are given below:

Name of Statute	Nature of Dues	Amount in Rs.	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	3,18,335	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	10,03,244	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	6,34,433	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	6,33,973	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	67,45,205	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	2,50,357	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	8,41,36,784	CESTAT, Ahmedabad.
The Central Excise Act, 1944	Excise Duty	28,645	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

9. The Company has not defaulted in repayment of loans or borrowing to banks, financial institution, government or dues to debenture holders.
10. The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
11. 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.
12. According to information and explanations given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V of the Companies Act, 2013.
13. The Company is not a Nidhi Company. Accordingly, clause (xii) of (iii) of the Order is not applicable.
14. According to information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of the Companies Act, 2013 and details have been disclosed in the Financial Statements as required by applicable Accounting Standard.
15. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
16. According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected therewith.
17. As explained to us, looking to the nature of business carried out by the Company, it is not required to get registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Place : Vadodara  
Date : 17th May 2017.

**(Nitin Patni)**  
Partner  
Membership No. 15612

**BALANCE SHEET AS AT 31ST MARCH, 2017**

Particulars	Note No.	(Amount in Rupees)	
		AS AT 31.03.2017	AS AT 31.03.2016
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	190,831,190	190,831,190
(b) Reserves and Surplus	3	1,023,821,722	1,020,881,256
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	85,500,000	-
(b) Long-Term Provisions	5	5,708,065	4,703,344
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	6	610,398,142	621,056,494
(b) Trade Payables	7	1,075,976,546	718,359,424
(c) Other Current Liabilities	8	112,197,976	127,570,097
(d) Short-Term Provisions	9	6,145,095	5,264,751
<b>TOTAL</b>		<b>3,110,578,736</b>	<b>2,688,666,556</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	10	1,013,259,408	1,084,381,410
(ii) Capital work-in-progress		3,052,378	-
(b) Non-current Investments	11	2,000	2,000
(c) Deferred Tax Assets (net)	12	110,502,949	109,803,860
(d) Long-Term Loans and Advances	13	90,825,145	88,600,707
<b>(2) Current Assets</b>			
(a) Inventories	14	1,327,310,352	1,050,544,130
(b) Trade Receivables	15	431,700,222	242,501,185
(c) Cash and Cash equivalents	16	69,916,791	58,024,162
(d) Short-Term Loans and Advances	17	57,639,395	48,971,359
(e) Other Current Assets	18	6,370,096	5,837,743
<b>TOTAL</b>		<b>3,110,578,736</b>	<b>2,688,666,556</b>

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

**Pradeep Sharma**  
Director (Operations)

**Nitin Patni**  
Partner  
Membership No.15612  
Vadodara, 17th May, 2017

**Pradip H. Gupta**  
Chief Financial Officer

**Deepak Nagar**  
GM (Legal) & Company Secretary

Vadodara, 17th May, 2017

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

(Amount in Rupees)			
Particulars	Note No.	For the year 2016-2017	For the year 2015-2016
<b>I. Revenue from Operations</b>	19	<b>3,299,886,045</b>	2,901,682,841
<b>II. Other Income</b>	20	<b>36,375,823</b>	26,313,089
<b>III. Total Revenue (I + II)</b>		<b>3,336,261,868</b>	2,927,995,930
<b>IV. Expenses:</b>			
Cost of Materials Consumed	21	2,388,272,213	2,141,648,671
Manufacturing Expenses	22	674,909,074	626,296,144
Change in Inventory of Finished Goods	23	(171,388,234)	(100,284,617)
Employee Benefits Expenses	24	160,709,231	147,945,250
Finance Costs	25	135,115,006	113,141,363
Depreciation and Amortization Expenses	10	77,807,921	81,839,991
Other Expenses	26	68,318,219	104,625,811
<b>Total Expenses</b>		<b>3,333,743,430</b>	3,115,212,613
<b>V. Profit/(Loss) before Exceptional and Extraordinary Items and Tax (III - IV)</b>		<b>2,518,438</b>	(187,216,683)
<b>VI. Exceptional and Extraordinary Items</b>		-	-
<b>VII. Profit/(Loss) before Tax (V- VI)</b>		<b>2,518,438</b>	(187,216,683)
<b>VIII. Tax Expense:</b>			
(1) Current Tax (MAT)		479,888	-
Less : MAT Credit Entitlement		479,888	-
Net Current Tax		-	-
(2) Deferred Tax		(699,090)	(60,910,680)
(3) Tax for Earlier Years'		277,062	(412,260)
<b>IX. Profit/(Loss) for the period from Continuing Operations after Tax (VII - VIII)</b>		<b>2,940,466</b>	(125,893,743)
<b>X. Earnings per Equity Share:</b>			
Basic & Diluted		<b>0.154</b>	(6.599)
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**Pradeep Sharma**  
Director (Operations)**Nitin Patni**  
Partner  
Membership No.15612  
Vadodara, 17th May, 2017**Pradip H. Gupta**  
Chief Financial Officer**Deepak Nagar**  
GM (Legal) & Company Secretary

Vadodara, 17th May, 2017

**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2016-17**

(Amount in Rupees)

	Year ended 31.03.2017	Year ended 31.03.2016
<b>A. Cash Flow from Operating Activities</b>		
<b>Net Profit / (Loss) before Tax and Extraordinary Items</b>	<b>2,518,438</b>	<b>(187,216,683)</b>
Adjustments for :		
Depreciation	77,807,921	81,839,991
Finance Cost	135,115,006	113,141,363
Loss on sale/disposal of Capital Assets	-	81,987
(Profit) on sale of Capital Assets	(9,517)	(98,633)
Interest Income	(24,936,207)	(12,292,622)
<b>Operating Profit before Working Capital Changes :</b>	<b>190,495,641</b>	<b>(4,544,597)</b>
<b>Adjustments for (Increase) / Decrease in Operating Assets :</b>		
Inventories	(276,766,222)	173,074,756
Trade Receivables	(189,199,037)	52,049,528
Short-Term Loans and Advances	(17,327,798)	60,765,325
Long-Term Loans and Advances	(2,224,438)	-
Other Current Assets	(175,634)	4,434,867
<b>Adjustments for Increase / (Decrease) in Operating Liabilities :</b>		
Trade Payables	357,617,122	(281,537,153)
Other Current Liabilities	(15,664,992)	25,218,176
Short-Term Provisions	880,344	33,548
Long-Term Provisions	1,004,721	(744,539)
<b>Cash Generated from Operation</b>	<b>48,639,707</b>	<b>28,749,911</b>
Direct Taxes Refund	8,382,701	5,693,291
<b>Net Cash from Operating Activities</b> ...A	<b>57,022,408</b>	<b>34,443,202</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(9,738,305)	(5,572,262)
Sale / disposal of Fixed Assets	9,525	104,633
Interest Received	24,579,488	12,476,785
<b>Net Cash (used in) / from Investing Activities</b> ...B	<b>14,850,708</b>	<b>7,009,156</b>
<b>C. Cash Flow from Financing Activities</b>		
Net Increase / (Decrease) in Short Term Borrowings	(10,658,352)	58,996,204
Net increase / (Decrease) in Long Term Borrowings	85,500,000	-
Finance Cost	(134,821,185)	(114,352,714)
Dividend Paid	(950)	(2,225)
<b>Net Cash (used in)/ from Financing Activities</b> ...C	<b>(59,980,487)</b>	<b>(55,358,735)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>11,892,629</b>	<b>(13,906,377)</b>
<b>Cash and Cash equivalents at the beginning of the year :</b>		
Cash on hand	126,364	66,710
Balance with Banks in Current, Margin and Deposits Accounts	57,897,798	71,863,829
	<b>58,024,162</b>	<b>71,930,539</b>
<b>Cash and Cash equivalents at the closing of the year :</b>		
Cash on hand	123,306	126,364
Balance with Banks in Current, Margin and Deposits Accounts	69,793,485	57,897,798
	<b>69,916,791</b>	<b>58,024,162</b>
Net Increase/(Decrease) as disclosed above	<b>11,892,629</b>	<b>(13,906,377)</b>
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**Nitin Patni**

Partner

Membership No.15612

Vadodara, 17th May, 2017

**Ashok Malhotra**  
Chairman and Managing Director**Pradip H. Gupta**  
Chief Financial Officer**Pradeep Sharma**  
Director (Operations)**Deepak Nagar**  
GM (Legal) & Company Secretary

Vadodara, 17th May, 2017



**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**

(Amount in Rupees )

Particulars	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE NO. 2</b>		
<b><u>SHARE CAPITAL</u></b>		
<b>AUTHORISED</b>		
4,00,00,000 (4,00,00,000) Equity Shares of Rs. 10/- each	<b>400,000,000</b>	400,000,000
<b>ISSUED SHARE CAPITAL</b>		
1,90,89,029 (1,90,89,029) Equity Shares of Rs. 10/- each fully paid-up	<b>190,890,290</b>	190,890,290
<b>SUBSCRIBED SHARE CAPITAL</b>		
1,90,89,029 (1,90,89,029) Equity Shares of Rs. 10/- each fully paid-up	<b>190,890,290</b>	190,890,290
<b>PAID-UP SHARE CAPITAL</b>		
1,90,78,329 (1,90,78,329) Equity Shares of Rs. 10/- each fully paid-up	<b>190,783,290</b>	190,783,290
<b>Add: Forfeited Equity Shares of Rs.10/- each</b>		
5,600 Forfeited Equity Shares of Rs.3/- each Paid	<b>16,800</b>	16,800
4,600 Forfeited Equity Shares of Rs.6/- each Paid	<b>27,600</b>	27,600
500 Forfeited Equity Shares of Rs.7/- each Paid	<b>3,500</b>	3,500
	<b>47,900</b>	47,900
<b>TOTAL</b>	<b>190,831,190</b>	190,831,190

**Additional Notes :**

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

Share Capital	31.03.2017		31.03.2016	
	No. of Shares	Nominal Value Rs.	No. of Shares	Nominal Value Rs.
Equity Shares at the beginning of the year	<b>1,90,78,329</b>	<b>190,783,290</b>	19,078,329	190,783,290
Add : Equity Shares allotted during the year	-	-	-	-
Equity Shares at the end of the year	<b>1,90,78,329</b>	<b>190,783,290</b>	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 Shareholder	31.03.2017		31.03.2016	
	Number of Shares held	% Holding in Shares	Number of Shares held	% Holding in Shares
a) Mr. Ashok Malhotra	<b>2109605</b>	<b>11.06</b>	2109605	11.06
b) Honeyvick Enterprises Pvt. Ltd.	<b>10516005</b>	<b>55.12</b>	10516005	55.12
c) ICICI Bank Ltd.	-	-	1290179	6.76

- 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, 2017**

(Amount in Rupees )		
Particulars	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE NO. 3</b>		
<b><u>RESERVES AND SURPLUS</u></b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	17,523,435	17,523,435
<b>Securities Premium Account</b>		
As per last Balance Sheet	771,271,386	771,271,386
(including Rs.4,26,100/- of Forfeited Shares)		
<b>General Reserve</b>		
As per last Balance Sheet	30,000,000	30,000,000
<b>Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	202,086,435	327,980,178
Add : Surplus/(Deficit) for the year	<u>2,940,466</u>	<u>(125,893,743)</u>
	205,026,901	202,086,435
<b>TOTAL</b>	<u><u>1,023,821,722</u></u>	<u><u>1,020,881,256</u></u>

**NOTE NO. 4****LONG TERM BORROWINGS****Unsecured Borrowings**

Inter Corporate Deposits	85,500,000	—
<b>TOTAL</b>	<u><u>85,500,000</u></u>	<u><u>—</u></u>

**NOTE NO. : 5 :****LONG-TERM PROVISIONS**

Provision for Leave Salary	5,708,065	4,703,344
<b>TOTAL</b>	<u><u>5,708,065</u></u>	<u><u>4,703,344</u></u>

**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**

(Amount in Rupees )

Particulars	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE NO. 6</b>		
<b><u>SHORT TERM BORROWINGS</u></b>		
<b>Secured Borrowings</b>		
Working Capital Facilities from Bank		
Cash Credit	510,147,094	531,616,148
Bills Discounting	6,579,404	8,205,254
Export Packing Credit	79,871,644	58,453,842
	<b>596,598,142</b>	<b>598,275,244</b>
<b>Unsecured Borrowings</b>		
Inter Corporate Deposits	13,800,000	22,781,250
<b>TOTAL</b>	<b>610,398,142</b>	<b>621,056,494</b>
<b>Note :</b>		
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.		
<b>NOTE NO. 7</b>		
<b><u>TRADE PAYABLES</u></b>		
For Supplies/Services		
a) Due to Micro, Small and Medium Enterprises	3,381,828	2,274,434
b) Others	405,692,004	262,373,086
	<b>409,073,832</b>	<b>264,647,520</b>
Bills Payable	666,902,714	453,711,904
<b>TOTAL</b>	<b>1,075,976,546</b>	<b>718,359,424</b>
<b>NOTE NO. 8</b>		
<b><u>OTHER CURRENT LIABILITIES</u></b>		
Interest accrued and due on Borrowings (Secured)	844,886	551,065
Advances received from Customers	32,579,798	8,691,358
Sundry Creditors for Projects	1,393,393	1,237,951
Unpaid Dividend	831,390	832,340
Duties and Taxes	76,307,014	65,871,771
Other Advances received	-	50,000,000
Other Payables	241,495	385,612
<b>TOTAL</b>	<b>112,197,976</b>	<b>127,570,097</b>
<b>NOTE NO. 9</b>		
<b><u>SHORT TERM PROVISIONS</u></b>		
Provision for Employee Benefits	6,145,095	5,264,751
<b>TOTAL</b>	<b>6,145,095</b>	<b>5,264,751</b>

**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**
**NOTE NO. 10**
**TANGIBLE FIXED ASSETS**
**(Amount in Rupees )**

	<b>GROSS BLOCK (AT COST)</b>				<b>DEPRECIATION/AMORTIZATION</b>					<b>NET BLOCK</b>	
Tangible Assets	As at 01.04.16	Addition during the year	Sales/ Adjust- ments (Cost)	As at 31.03.17	As at 01.04.16	Provided during the year	Sales/ Adjust- ments	Dep. Adjust- ments	As at 31.03.17	As at 31.03.17	As at 01.04.16
<b>Land</b>											
Leasehold Land	10,035,715	-	-	10,035,715	870,797	144,176	-	-	1,014,973	9,020,742	9,164,918
Free-hold Land	8,374,697	-	-	8,374,697	-	-	-	-	-	8,374,697	8,374,697
Land Development	2,833,434	-	-	2,833,434	-	-	-	-	-	2,833,434	2,833,434
<b>Buildings</b>											
Factory Building	48,147,629	-	-	48,147,629	36,698,524	2,147,154	-	-	38,845,678	9,301,951	11,449,105
Other Building	55,471,692	-	-	55,471,692	11,803,516	904,190	-	-	12,707,706	42,763,986	43,668,176
Plant & Machinery	2,154,048,608	5,955,069	-	2,160,003,677	1,171,843,476	684,419,476	-	-	1,240,285,423	919,718,254	982,205,132
Furniture & Fittings	21,319,984	-	-	21,319,984	17,479,200	390,823	-	-	17,870,023	3,449,961	3,840,784
Office Equipments	12,768,015	623,546	-	13,391,561	8,195,468	872,967	-	-	9,068,435	4,323,126	4,572,547
EDP Equipments	19,573,790	107,312	177,383	19,503,719	16,359,007	1,048,436	177,375	-	17,230,068	2,273,651	3,214,783
Vehicles	46,340,032	-	-	46,340,032	31,282,198	3,858,228	-	-	35,140,426	11,199,606	15,057,834
<b>Total</b>	<b>2,378,913,596</b>	<b>6,685,926</b>	<b>177,383</b>	<b>2,385,422,140</b>	<b>1,294,532,186</b>	<b>77,807,921</b>	<b>177,375</b>	<b>-</b>	<b>1,372,162,732</b>	<b>1,013,259,408</b>	<b>1,084,381,410</b>
<b>Previous Year</b>	<b>2,373,106,726</b>	<b>5,962,259</b>	<b>155,390</b>	<b>2,378,913,596</b>	<b>1,212,759,599</b>	<b>81,839,990</b>	<b>67,403</b>	<b>-</b>	<b>1,294,532,186</b>	<b>1,084,381,410</b>	<b>1,160,347,127</b>

<b>Particulars</b>	<b>AS AT 31.03.2017</b>	<b>AS AT 31.03.2016</b>
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**NOTE NO. 11**
**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

<b>TOTAL</b>	<b>2,000</b>	<b>2,000</b>
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**NOTE NO. 12**
**DEFERRED TAX ASSETS (NET)**
**Deferred Tax - Assets**

On account of unabsorbed Depreciation	<b>224,140,468</b>	219,385,406
On account of unabsorbed Business Loss	<b>35,011,032</b>	35,011,032
On account of Disallowances under I.Tax Act	<b>4,563,741</b>	3,956,696
	<b>263,715,241</b>	258,353,134
<b>Less : Deferred Tax - Liabilities</b>		
On account of difference in Tax & Book Depreciation	<b>153,212,292</b>	148,549,274
	<b>153,212,292</b>	148,549,274
<b>TOTAL</b>	<b>110,502,949</b>	109,803,860

**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**

(Amount in Rupees )		
Particulars	AS AT 31.03.2017	AS AT 31.03.2016
<b>NOTE NO. 13</b>		
<b><u>LONG - TERM LOANS AND ADVANCES</u></b>		
<b>Unsecured, Considered Good</b>		
Capital Advances	2,500,000	-
Security Deposits	146,480	144,980
MAT Credit Entitlement	88,178,665	88,455,727
<b>TOTAL</b>	<b>90,825,145</b>	<b>88,600,707</b>
<b>NOTE NO. 14</b>		
<b><u>INVENTORIES</u></b>		
<b>Raw Materials</b>	<b>274,238,326</b>	<b>186,118,377</b>
[Including Stock -in- Transit of Rs.11,60,61,608/- P.Y. Rs.6,51,55,311/-]		
<b>Production Materials</b>	<b>30,809,982</b>	<b>17,653,102</b>
<b>General Stores &amp; Spares</b>	<b>44,499,278</b>	<b>40,398,119</b>
<b>Finished goods</b>	<b>977,762,766</b>	<b>806,374,532</b>
[Including Stock -in- Transit of Rs.4,92,77,176/- P.Y. Rs.1,88,25,152/-]		
<b>TOTAL</b>	<b>1,327,310,352</b>	<b>1,050,544,130</b>
<b>Note :</b>		
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.		
<b>NOTE NO. 15</b>		
<b><u>TRADE RECEIVABLES</u></b>		
(Unsecured)		
a) Outstanding for more than six months		
Considered Good	25,230,173	2,832,582
Considered Doubtful	2,302,546	2,302,546
	27,532,719	5,135,128
Less : Provision for Doubtful Debts	(2,302,546)	(2,302,546)
	25,230,173	2,832,582
b) Others *		
Considered Good	406,470,049	239,668,603
<b>TOTAL</b>	<b>431,700,222</b>	<b>242,501,185</b>
* Other trade receivables are net of bills discounted with the banks Rs.2,73,61,909/- (Previous year Rs.6,00,65,743/-)		
<b>NOTE NO. 16</b>		
<b><u>CASH AND CASH EQUIVALENTS</u></b>		
<b>Balances with Banks</b>		
a) In Current Accounts	230,375	76,371
b) In Unpaid Dividend Accounts	831,390	832,340
c) In Margin Money Accounts	68,731,720	56,989,087
	69,793,485	57,897,798
<b>Cash on hand</b>	<b>123,306</b>	<b>126,364</b>
<b>TOTAL</b>	<b>69,916,791</b>	<b>58,024,162</b>

**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**

(Amount in Rupees )		
Particulars	For the year 2016-2017	For the year 2015-2016
<b>NOTE NO. 17</b>		
<b><u>SHORT TERM LOANS AND ADVANCES</u></b>		
<b>Unsecured, Considered Good</b>		
Advance Income Tax and TDS	1,123,142	9,782,905
Less : Provision for Taxation	-	-
	<b>1,123,142</b>	9,782,905
Balance with Excise and Customs Authorities	<b>45,829,415</b>	30,293,892
Advance to Suppliers/Service Providers	<b>4,715,590</b>	3,461,145
Other Loans and Advances	<b>5,971,249</b>	5,433,417
<b>TOTAL</b>	<b>57,639,395</b>	48,971,359
<b>NOTE NO. 18</b>		
<b><u>OTHER CURRENT ASSETS</u></b>		
<b>Unsecured, Considered Good</b>		
Assets held for Disposal	<b>3,088,820</b>	3,088,820
Other Current Assets and Receivables	<b>478,417</b>	302,783
Interest accrued on Margin Money	<b>2,802,859</b>	2,446,140
<b>TOTAL</b>	<b>6,370,096</b>	5,837,743

**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**

Particulars	(Amount in Rupees )	
	For the year 2016-2017	For the year 2015-2016
<b>NOTE NO. 19</b>		
<b><u>REVENUE FROM OPERATIONS</u></b>		
Sales (Net of Returns)		
a) Domestic Sales	2,925,372,520	2,404,193,229
b) Export Sales	647,867,629	735,179,239
	<u>3,573,240,149</u>	<u>3,139,372,468</u>
Less : Excise Duty	<u>324,215,112</u>	<u>265,624,365</u>
	<b>3,249,025,037</b>	<b>2,873,748,103</b>
Trading Sales	21,693,422	-
Income from Job work	4,644,426	79,987
(Tax Ded. at Source <b>Rs.86,905/-</b> Prev. year Rs.7,225/-)		
Export Incentives	24,523,160	27,854,751
<b>TOTAL</b>	<b><u>3,299,886,045</u></b>	<b><u>2,901,682,841</u></b>
<b>NOTE NO. 20</b>		
<b><u>OTHER INCOME</u></b>		
Miscellaneous Sales	3,676,075	2,953,042
Less : Excise Duty	<u>340,529</u>	<u>281,024</u>
	<b>3,335,546</b>	<b>2,672,018</b>
Other Income	930	-
Interest Income		
a) On Margin Account	4,688,584	5,844,066
(Tax Ded. at Source <b>Rs.7,51,789/-</b> Prev. year Rs.5,70,630/-)		
b) From Customers	19,478,390	3,768,701
(Tax Ded. at Source <b>Rs.3,35,013/-</b> Prev. year Rs.3,50,600/-)		
c) On Income/ Sales Tax Refund	760,061	2,670,782
d) From Others	<u>9,172</u>	<u>9,073</u>
	<b>24,936,207</b>	<b>12,292,622</b>
Profit on sale of Fixed Assets	9,517	98,633
Advances Written Back	-	1,249,816
Advances Forfeited	-	10,000,000
Foreign Exchange Variation (Net)	8,093,623	-
<b>TOTAL</b>	<b><u>36,375,823</u></b>	<b><u>26,313,089</u></b>



**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**

Particulars	(Amount in Rupees )	
	For the year 2016-2017	For the year 2015-2016
<b>NOTE NO. 21</b>		
<b><u>COST OF MATERIALS CONSUMED</u></b>		
<b>a) Raw Materials Consumed</b>		
Opening Stock of Raw Materials	186,118,377	442,160,318
Add : Purchases	2,454,698,740	1,885,606,730
Less : Closing Stock of Raw Materials	<u>274,238,326</u>	<u>186,118,377</u>
	<b>2,366,578,791</b>	2,141,648,671
<b>b) Trading Purchase Materials</b>	<b>21,693,422</b>	-
<b>TOTAL</b>	<b><u>2,388,272,213</u></b>	<b><u>2,141,648,671</u></b>
<b>Details of Major Raw Material Consumption</b>		
Scrap	852,357,515	946,793,458
Nickel	832,035,842	693,277,741
Ferro Chrome	404,635,206	271,178,790
Others	<u>299,243,650</u>	<u>230,398,682</u>
	<b><u>2,388,272,213</u></b>	<b><u>2,141,648,671</u></b>
<b>NOTE NO. 22</b>		
<b><u>MANUFACTURING EXPENSES</u></b>		
Consumption of Production Materials, General Stores and Spares	217,888,107	211,587,006
Power and Fuel	437,424,734	397,925,902
Repairs and Maintenance :		
Buildings	157,593	112,704
Plant & Machineries	6,586,595	9,669,089
Other Manufacturing Expenses	7,080,697	6,035,158
Excise Duty - Finished Goods Closing Stock	5,771,348	966,285
<b>TOTAL</b>	<b><u>674,909,074</u></b>	<b><u>626,296,144</u></b>
<b>NOTE NO. 23</b>		
<b><u>CHANGE IN INVENTORY OF FINISHED GOODS</u></b>		
Opening Stock	806,374,532	706,089,915
Less : Closing Stock	<u>977,762,766</u>	<u>806,374,532</u>
<b>TOTAL</b>	<b><u>(171,388,234)</u></b>	<b><u>(100,284,617)</u></b>
<b>NOTE NO. 24</b>		
<b><u>EMPLOYEE BENEFITS EXPENSES</u></b>		
Managerial Remuneration	21,240,214	21,251,106
Salaries, Wages and Bonus	124,144,403	111,715,548
Contribution to Provident and other Funds	12,961,215	13,033,523
Staff Welfare Expenses	2,363,399	1,945,073
<b>TOTAL</b>	<b><u>160,709,231</u></b>	<b><u>147,945,250</u></b>

**NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2017**

Particulars	(Amount in Rupees )	
	For the year 2016-2017	For the year 2015-2016
<b>NOTE NO. 25</b>		
<b>FINANCE COSTS</b>		
Interest on Working Capital	72,369,881	69,965,700
Other Interest	24,912,530	6,547,568
Bank Charges	37,832,595	36,628,095
<b>TOTAL</b>	<b>135,115,006</b>	<b>113,141,363</b>
<b>NOTE NO. 26</b>		
<b>OTHER EXPENSES</b>		
<b>I. Administrative and General Expenses</b>		
Travelling and Conveyance	2,813,891	2,811,941
Printing and Stationery	760,668	816,492
Communication Cost	1,830,404	2,082,232
Vehicle Expenses	4,686,415	3,747,336
<u>Statutory Auditor's Remuneration</u>		
a) As Auditor	700,000	700,000
b) For Tax Audit Fees	120,000	120,000
c) For Taxation Matters	80,000	80,000
d) For Other Services	47,000	106,000
e) For Reimbursement of Expenses	10,447	21,185
	<b>957,447</b>	<b>1,027,185</b>
<u>Cost Auditor's Remuneration</u>		
a) As Auditor	150,000	150,000
b) For Other Services	15,000	15,000
c) For Reimbursement of Expenses	18,060	18,485
	<b>183,060</b>	<b>183,485</b>
Repairs and Maintenance to Other Assets	1,977,262	3,979,724
Legal and Professional Charges	2,668,339	3,328,462
Directors Sitting Fees	380,000	330,000
Insurance Charges	953,959	845,735
Rent, Rates and Taxes	5,992,084	5,061,906
Foreign Exchange Variation	-	30,928,325
Miscellaneous Expenses	2,596,106	4,748,851
Charities & Donation	51,000	150,000
Loss on Sale/ Disposal of Fixed Assets	-	81,987
<b>TOTAL ( I )</b>	<b>25,850,635</b>	<b>60,123,661</b>
<b>II. Selling Expenses</b>		
Carriage Outward	35,905,072	36,051,851
Commission on Sales	1,041,786	1,867,259
Discount and Claims	388,778	2,794,956
Marine and ECGC Insurance	1,241,524	1,935,820
Other Selling Expenses	3,890,424	1,852,264
<b>TOTAL ( II )</b>	<b>42,467,584</b>	<b>44,502,150</b>
<b>TOTAL ( I + II )</b>	<b>68,318,219</b>	<b>104,625,811</b>

**NOTE NO. 1****SIGNIFICANT ACCOUNTING POLICIES AND ACCOMPANYING NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017.****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 :**

ii) 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.

**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, 2017. The disclosure pursuant to the said Act is as under:

**Amount - Rupees**

	31.03.2017	31.03.2016
Delayed Payment Due - Principal amount	374,546	322,134
- Interest on above	6,355	7,551
Interest paid	Nil	Nil
Interest due on Principal amount paid beyond due date during the year	106,391	61,329
Total Interest due but not paid	112,746	68,880

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**

	31.03.2017	31.03.2016
I. Directors Sitting Fee	3,80,000	3,30,000
II. <u>Other Remuneration:</u>		
Salaries and Allowances	165,00,000	165,00,000
Company Contribution to Provident & Superannuation Funds	20,25,000	20,25,000
<u>Other Perquisites</u> (valued as per Income Tax Rules)	31,03,901	31,14,643
Sub total (II)	216,28,901	216,39,643
<b>Total (I+II)</b>	<b>220,19,793</b>	<b>219,69,643</b>

The remuneration to 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) 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 envisaged in AS-17 are not applicable to the company.

**7) Disclosure on Specified Bank Notes (SBNs):**

During the year the Company had Specified Bank Notes or other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the Notification are given below:

**Amount - Rupees**

Particulars	SBNs	Other Notes	Total
Closing Cash in hand as on November 8, 2016	271,500	48,472	319,972
(+) Permitted Receipts (Withdrawals from Bank)	-	569,000	569,000
(-) Permitted Payments	-	391,945	391,945
(-) Amount deposited in Banks	271,500	-	271,500
Closing Cash in hand as on December 30, 2016	-	225,527	225,527

**8) Retirement Benefits :**

The table of retirement benefits as on 31st March, 2017 is as below.

**Gratuity****Amount - Rupees**

Financial Year :	2016-17	2015-16
<b>I. Amounts to be recognized in Balance Sheet</b>		
Present value of Funded Obligations	<b>7,46,60,582</b>	7,58,82,304
Fair value of Plan Assets	<b>8,99,39,339</b>	8,90,17,697
Amounts in the Balance Sheet:		
Liabilities	<b>7,46,60,582</b>	7,58,82,304
Assets	<b>8,99,39,339</b>	8,90,17,697
Net Liability/(Asset)	<b>*(152,78,757)</b>	*(131,35,393)
<b>II. Expenses Recognized in Income Statement</b>		
Current Service Cost	<b>40,26,150</b>	44,86,131
Interest on Obligation	<b>60,70,584</b>	65,05,489
Expected Return on Plan Assets	<b>(69,89,817)</b>	(70,47,055)
Net Actuarial Losses (Gains) recognized in the year	<b>(52,50,281)</b>	(104,66,377)
Expense to be charged in P&L	<b>(2143364)</b>	(6521812)
<b>III. Table Showing Change in Benefit Obligation</b>		
Opening Defined Benefit Obligation	<b>7,58,82,304</b>	8,13,18,611
Service Cost for the year	<b>40,26,150</b>	44,86,131
Interest Cost for the year	<b>60,70,584</b>	65,05,489
Actuarial Losses (Gains)	<b>(52,50,281)</b>	(104,66,377)
Benefits paid	<b>60,68,175</b>	59,61,550
Closing Defined Benefits Obligation	<b>7,46,60,582</b>	7,58,82,304
<b>IV. Tables of Fair Value of Plan Assets</b>		
Opening Fair Value of Plan Assets	<b>8,90,17,697</b>	8,76,73,353
Expected Return	<b>69,89,817</b>	70,47,055
Actuarial Gains and (Losses)	-	-
Contributions by Employer	-	2,58,839
Benefits paid	<b>60,68,175</b>	59,61,550
Closing balance of Fund	<b>8,99,39,339</b>	8,90,17,697
<b>V. Principal Actuarial Valuation</b>		
	%	%
Discount Rate as on date	<b>8.00</b>	8.00
Expected Increase in Annual Salary Costs	<b>7.00</b>	7.00
Actual Return on Plan Assets for the year	<b>8.25</b>	8.35

\*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	
		31.03.2017	31.03.2016
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	<b>182,18,058</b>	-
b)	Letter of Credits Outstanding	<b>760,92,318</b>	626,34,547
c)	Claims against Company not acknowledged as Debts	<b>136,20,336</b>	136,20,336
d)	Disputed Excise, Custom & Service Tax Liabilities	<b>1032,39,074</b>	1032,39,074
e)	Guarantee given to Custom by Company's Banker	<b>61,51,853</b>	61,51,853
f)	Guarantee given to M.G.V.C.L. by Company's Banker	<b>425,79,785</b>	425,79,785

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 (e) above therefore no provision against is considered.

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

- i) Holding Company : Honeyvick Enterprises Private Limited
- ii) 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  
Mr. Deepak Nagar - G.M.(Legal) & Company Secretary

**B. Related Party /Key Management Personnel Transactions :**
**ii] Holding Company**

- Deposit received : **Rs. 9,08,00,000** (Rs.225,00,000)
- Deposit repaid : **Rs. 1,40,00,000** (Rs. Nil)
- Interest : **Rs. 1,07,43,866** (Rs. 3,12,250 )
- Outstanding : **Rs. 9,93,00,000** (Rs. 2,27,81,250 )

**ii) Key Management Personnel**

- Gross Remuneration : **Rs. 249,07,701** (Rs.249,15,443)

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.

The Ministry of Corporate Affairs (MCA) has w. e. f. 15th December, 2016 notifies certain sections of the Companies Act, 2013, dealing with amalgamation, compromise, arrangement, liquidation and winding up. Accordingly, the Hon`ble High Court of Gujarat has vide its order dated 03.02.2017 transferred our present application to National Company Law Tribunal, Bench at Ahmedabad, which is having jurisdiction over these matters.



**12) Details of Earnings Per Share :**

		Unit	Year ended 31.03.2017	Year ended 31.03.2016
a)	Amount Used as Numerator {Profit/-(loss) after Taxes}	Rupees	<b>29,40,466</b>	(1258,93,743)
b)	Weighted average number of Equity Shares used as the denominator (Basic)	Nos.	<b>190,78,329</b>	190,78,329
c)	Weighted average number of Equity Shares used as the denominator (Diluted)	Nos.	<b>190,78,329</b>	190,78,329
d)	Nominal Value Per Share	Rupees	<b>10.000</b>	10.000
e)	Earnings per Share (Basic)	Rupees	<b>0.154</b>	(6.599)
f)	Earnings per Share (Diluted)	Rupees	<b>0.154</b>	(6.599)

**13) (a) Registered/Installed Capacity :**

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

**(b) Production, Sales and Stocks :**

Class of Goods	Opening Stock		Production	Sales		Closing Stock	
	Qty.(M.T.)	Rupees	Qty.(M.T.)	Qty.(M.T.)	Rupees	Qty.(M.T.)	Rupees
Steel Billets	<b>2187</b> (907)	<b>252209622</b> (134986484)	<b>26660</b> (23768)	- (-)	- (-)	<b>2869</b> (2187)	<b>347243115</b> (252209622)
Bars, Rods, Coils & Wires	<b>3827</b> (3538)	<b>554164910</b> (571103430)	<b>25560*</b> (21575)*	<b>23606</b> (19737)	<b>3573240149</b> (3139372468)	<b>3912</b> (3827)	<b>630519651</b> (554164910)

\* Include Job work production 505 M.T. (Previous Year 13 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 2016-2017		Year 2015-2016	
	Value (in Rs.)	%	Value (in Rs.)	%
<b>Raw Materials :</b>				
Imported	<b>139,07,16,110</b>	<b>58.76</b>	150,85,40,539	70.44
Indigenous	<b>97,58,62,681</b>	<b>41.24</b>	63,31,08,132	29.56
Total	<b>236,65,78,791</b>	<b>100.00</b>	214,16,48,671	100.00
<b>Production Materials &amp; Stores &amp; Spares :</b>				
Imported	<b>144,25,282</b>	<b>6.62</b>	357,47,876	16.90
Indigenous	<b>20,34,62,823</b>	<b>93.38</b>	17,58,39,130	83.10
Total	<b>21,78,88,105</b>	<b>100.00</b>	21,15,87,006	100.00

**(d) Expenditure in Foreign Currency :**

(Rupees)

	Year 2016-17	Year 2015-16
<u>C.I.F. Value of Imports :</u>		
Raw Materials	<b>133,11,18,483</b>	125,75,41,997
Production Materials and Stores & Spares	<b>141,27,697</b>	242,53,922
Capital Equipment	<b>8,68,010</b>	Nil
<u>Other Expenditure :</u>		
On Foreign Travels	<b>5,91,578</b>	4,50,040
Foreign Bank Charges	<b>9,06,139</b>	7,08,995
On Professional Fees Subscription & Books etc.	<b>94,789</b>	1,89,749
Commission on Export Sales	<b>4,51,364</b>	13,18,857
Discounts & Claims	<b>53,284</b>	21,31,384
On Foreign Exhibitions	<b>658,169</b>	4,65,636

**(e) Foreign Exchange Earned :**

FOB Value of Exports	<b>63,86,51,752</b>	72,86,23,490
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**14)** Previous year's figures have been recast/ regrouped/reclassified wherever necessary to correspond with current year's classification/disclosures.

As per our Report of even date attached

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

**Ashok Malhotra**  
Chairman and Managing Director

**Pradeep Sharma**  
Director (Operations)

**Nitin Patni**  
Partner  
Membership No.15612  
Vadodara, 17th May, 2017

**Pradip H. Gupta**  
Chief Financial Officer

**Deepak Nagar**  
GM (Legal) & Company Secretary

Vadodara, 17th May, 2017



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, e-mail: shares@panchmahalsteel.co.in

**ATTENDANCE SLIP**

**44th 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 No.	
-----------	--

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

Client ID No.	
---------------	--

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

Name and Address of the Shareholder : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

I hereby record my presence at the 44th Annual General Meeting of the Company held on Thursday, the 21st day of September, 2017 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**

(Form No. MGT-11)

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

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail ID : \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;
2. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail ID : \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him;
3. 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 44th Annual General Meeting of the Company, to be held on Thursday, 21st day of September, 2017 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
	<b>Ordinary Business</b>		
1	Adoption of Audited Financial Statements for the year ended 31st March, 2017.		
2	Re-appointment of Ms. Suchita Shah, who retires by rotation and being eligible, offers herself for re-appointment.		
3	Re-appointment of M/s Atul Parikh & Co., Chartered Accountants as Statutory Auditors of the Company.		
	<b>Special Business</b>		
4	Appointment of Mr. Pradeep Sharma as Director (Operations) of the Company.		
5	Approval of Remuneration of Cost Auditors for the financial year 2017-18.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

Affix 1  
Rupee  
Revenue  
Stamp

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 44th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

Registered Book - Post / Courier



**Stainless Steel**

WIRE ROD • BARS • WIRES

**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](mailto:shares@panchmahalsteel.co.in)

Website: [www.panchmahalsteel.co.in](http://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