



 **Panchmahal**
Steel Limited

Stainless Steel

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41

ANNUAL REPORT
2013 - 2014



BOARD OF DIRECTORS	: Mr. Ashok Malhotra - Chairman & Managing Director Mr. Mohanraj M. Singhi - Independent Director Mr. Nilesh Mehta - Independent Director Mr. Amal Dhru - Independent Director Mr. Milan Shah - Independent Director Mr. Hanish Malhotra - Director (Marketing) Mr. Pradeep Sharma - Director (Operations)
COMPANY SECRETARY	: Mr. Deepak Nagar
AUDITORS	: M/s J.R.S. Patel & Co. Chartered Accountants Vadodara.
BANKERS	: State Bank of India
REGISTERED OFFICE	: GIDC Industrial Estate, Kalol - 389 330 Dist. Panchmahals, Gujarat. Phone : +91 2676 304777 Fax : +91 2676 304889 Email : shares@panchmahalsteel.co.in website : www.panchmahalsteel.co.in CIN : L27104GJ1972PLC002153
CORPORATE OFFICE	: "Landmark", 7th Floor, Race Course Circle, Vadodara - 390 007.
REGISTRAR & TRANSFER AGENT	: M/s MCS Share Transfer Agent Limited Neelam Apartment, 88, Sampatrao Colony, Chhapanbhog, Alkapuri, Vadodara-390 007. Tel Nos.: 0265-2339397, 2314757, 2350490, Fax No.: 0265-2341639 E-mail : mcsltdbaroda@yahoo.com, mcsltdbaroda@gmail.com

**41st Annual General Meeting to be held on
Tuesday, the 30th September, 2014 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 41st 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 Tuesday, the 30th day of September, 2014 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Ashok Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution with or without modification(s) as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 and other applicable provisions, if any, M/s JRS Patel & Co., Chartered Accountants, Vadodara (Firm Registration No. 107709W) be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this 41st Annual General Meeting for a term of three consecutive years (Financial years 2014-15, 2015-16 & 2016-17) till the conclusion of the 44th Annual General Meeting of the Company, subject to ratification by the members at every Annual General Meeting to be held during the period on such remuneration as may be determined by the audit committee in consultation with the auditors and the Board of Directors of the Company."

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 Section 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Nilesh Mehta (holding DIN: 00199071) Director of the Company, who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Nilesh Mehta as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to the conclusion of the 46th Annual General Meeting of the Company in the calendar year 2019."

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 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Amal Dhru (holding DIN 00165145) Director of the Company, who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Amal Dhru as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 46th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause

49 of the Listing Agreement, Mr. Mohanraj M. Singhi (holding DIN 01605981) Director of the Company, who was appointed as a Director liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Mohanraj M. Singhi as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 46th Annual General Meeting of the Company in the calendar year 2019."

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

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Milan Shah (holding DIN 00012088) Director of the Company, who was appointed as a Director liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. Milan Shah as a candidate for the office of director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 46th Annual General Meeting of the Company in the calendar year 2019."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed under Section 293(1)(d) of the Companies Act, 1956 at the Extra-Ordinary General Meeting of the Company held on May 02, 1995 with respect to the borrowing powers of the Board of Directors, consent of the Company be and is hereby accorded pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 (hereinafter referred to as the "Act"), or any statutory modification or re-enactment thereof, to the Board of Directors, borrowing moneys (apart from temporary loans from time to time obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, as the Board may, from time to time deem necessary, provided that the sum or sums so borrowed and remaining outstanding at any one time shall not exceed in the aggregate Rs.400 Crores (Rupees Four Hundred crores only).

9. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed under Section 293(1)(a) of the Companies Act, 1956 at the Extra-Ordinary General Meeting of the Company held on May 02, 1995 with respect to mortgaging and/or charging by the Board of Directors, consent of the Company be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the "Act"), or any statutory modification or re-enactment thereof, to the creation by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution) of such mortgages, charges and hypothecations as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board / Committee of the Board may direct, together with power to take over the management of the Company in certain events, to or in favour of financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts, other bodies corporate (hereinafter referred to as the "Lending Agencies") and Trustees for the holders of debentures/ bonds and/or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans/foreign currency loans, debentures, bonds and other instruments of an outstanding aggregate value not exceeding Rs.400 crores together with interest thereon at the agreed rates, further interest, liquidated damages, premium on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements / Loan Agreements / Debenture Trust Deeds entered / to be entered into by the Company in respect of the said borrowings."

"RESOLVED FURTHER that the Board of Directors of the Company including a Committee thereof, be and is hereby authorized to finalize with the Financial Institutions, Banks and other lending Institutions or Debenture Trustees, the documents for creating mortgage(s) and/or charge(s) as aforesaid and to do all acts, deeds and things in connection therewith and incidental thereto."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT in accordance with 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 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, 2014 on the terms and conditions of appointment and remuneration as set out in the draft agreement of the reappointment submitted to the meeting and initialled by the Chairman for identification and that he be paid remuneration by way of salary, perquisites and allowances as approved by the Board of Directors of the Company and the Nomination & Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors and the Nomination & Remuneration Committee be and are hereby severally authorized to alter and vary such terms of reappointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Pradeep Sharma."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the appointment of M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No.00025) whose appointment and remuneration has been recommended by the Audit Committee and approved by the Board, as Cost Auditors of the Company for conducting and carrying out the Cost Audit of the cost records of the Company for the financial year ending March 31, 2015, at a total fee of Rs.1,50,000/- plus service tax and out of pocket expenses be and is hereby ratified and approved."

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, August 12, 2014

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 3 to 11 of the Notice, is annexed hereto.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. Pursuant to the provisions 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 Friday, the 26th day of September, 2014 to Tuesday, the 30th day of September, 2014 (both days inclusive).
4. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, M/s MCS Share Transfer Agent Limited, Vadodara to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company's RTA.
5. Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or its RTA for assistance in this regard.
6. Members holding shares in physical form in identical order of names in more than one folio are requested to send to the Company or its RTA, the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.
7. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members seeking any information with regard to the accounts are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.
9. Members who have not yet encashed their dividend warrant(s) pertaining to the Dividend for the financial year 2009-10, 2010-11, 2011-12 & 2012-13 are requested to make their claims without any delay to the Company's Registrars and Transfer Agents, M/s MCS Share Transfer Agent Limited, Vadodara. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of the erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.

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

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

10. The Notice of the AGM along with the Annual Report 2013-14 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.
11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with the RTA/Depositories.
12. The Securities and Exchange Board of India (SEBI) has made it mandatory for every participant in the securities/capital market to furnish Income Tax Permanent Account Number (PAN) for transactions involving transfer of shares. Therefore, members holding shares in physical mode are requested to furnish their PAN along with photocopy of PAN Card to the Share Transfer Agent. Members holding shares in demat mode are requested to register the details of their PAN with their DPs.
13. **Instructions for e-voting**

Pursuant to Section 108 of the Companies Act, 2013 read with the relevant Rules of the Act, the Company is pleased to provide E-voting facility through Central Depository Services Limited as an alternative, for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the notice of 41st Annual General Meeting of the Company dated 12th August, 2014 (the AGM Notice). The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

PROCEDURE FOR E- VOTING

- (i) The voting period begins on **Wednesday, 24th September, 2014 (9.00 a.m. IST) and ends on Friday, 26th September, 2014 (6.00 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 **22nd August, 2014**, 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.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - 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 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:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholder)</p> <ul style="list-style-type: none"> "Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the clients ID demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is RAMESH KUMAR with folio number 100 then enter RA00000100 in the PAN field. Please note - If your name in the Register of Members of the Company starts with any Prefix like 'Dr.', 'Mr.', 'Mrs.', 'Shri', 'Smt' etc., then please use the first two letters of the Prefix. If the second letter in your name contains any special character, then use the number 0 in its place. For exact name, please refer the Address Slip.
DOB or Dividend Bank Details	<p>Enter the Date of Birth as registered with the DP/RTA in dd/mm/yyyy format OR Enter the Dividend Bank Details as recorded with your DP/RTA.</p> <p>Please note - In respect of Physical shareholding and whose DOB and Dividend Bank Details are not registered with DP/RTA should enter No. of shares held by you as on the cut-off date i.e. 22nd August, 2014.</p>

- (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. **140812035** 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Note for Non-Individual Shareholders & Custodians:**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cDSLindia.com
 - After receiving the login details they have to create 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.
 - 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.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cDSLindia.com

Other Instructions:

- i. E-voting is optional. The E-voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as on 22nd August, 2014.
- 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 41st Annual General Meeting has been placed on the website of the Company viz. www.panchmahalsteel.co.in and also on the website of CDSL.
- iv. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- v. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.panchmahalsteel.co.in and on the website of CDSL www.evoting.cdsl.com within two days of the passing of the resolutions at the Forty First AGM of the Company on 30th September, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.

Regd. Office :

GIDC Industrial Estate,
Kalol - 389 330,
Dist. Panchmahals (Gujarat)
CIN : L27104GJ1972PLC002153,
E-mail: shares@panchmahalsteel.co.in
Vadodara, August 12, 2014

By order of the Board of Directors

Deepak Nagar
GM (Legal) & Company Secretary

EXPLANATORY STATEMENT

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

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 11 of the accompanying Notice:

Item No. 3:

M/s. JRS Patel & Co., Chartered Accountants, Vadodara were appointed Statutory Auditors of the Company at the last Annual General Meeting (AGM) pursuant to provisions of Section 224 and other applicable provisions of the Companies Act, 1956 to hold office until the conclusion of this AGM. They have been in the office for a period of seven years now.

In pursuance of Section 139 (2) of the Companies Act, 2013, every Listed Company shall not appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years.

As per Rule 6 (3) of Companies (Audit and Auditors) Rules, 2014, the period for which the firm has held office as auditor prior to the commencement of the act shall be taken into account for calculating the period of five consecutive years (in case of Individual as Auditor) or ten consecutive years (in case of firm as an Auditor) as the case may be.

Accordingly it is proposed to reappoint M/s. JRS Patel & Co., Chartered Accountants, Vadodara (Firm Registration Number 107709W) as the Statutory Auditors of the Company, who are holding the office of auditor since 2007-08, be appointed as Auditor of the Company for the next three consecutive years at this meeting on such remuneration as may be determined by the Board of Directors of the Company. Their appointment shall be from the conclusion of this Annual General Meeting and till the conclusion of the 44th Annual General Meeting.

The Company has received a written consent / letter from M/s. JRS Patel & Co., Chartered Accountants, Vadodara to the effect that their re-appointment if made, would be in accordance with the conditions prescribed under section 139 (2) of the Companies Act, 2013 and a certificate confirming that they are not disqualified for such reappointment within the meaning of Section 141 of the said Act.

Your Directors, therefore, recommend the proposed resolution for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, in the resolution set out at Item No. 3. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges with which the shares of the Company are listed.

Item Nos. 4 to 7:

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements entered with the Stock Exchanges, appointed Mr. Nilesh Mehta, Mr. Amal Dhru, Mr. Mohanraj M. Singhi and Mr. Milan Shah, as Independent Directors. All these Independent Directors had been appointed vide members resolution in terms of erstwhile provisions of the Companies Act, 1956 as Directors whose period of office is liable to determination by retirement by rotation and they have held the positions as such for more than 5 (Five) years.

Of the above Independent Directors, Mr. Nilesh Mehta and Mr. Amal Dhru retire by rotation at the ensuing Annual General Meeting and being eligible, offering themselves for appointment. They are proposed to be appointed as non-retiring Independent Directors of the Company under the Companies Act, 2013 to hold office for a period of 5 (five) years from 30th September, 2014. Further Mr. Mohanraj M. Singhi and Mr. Milan Shah, who were appointed as Directors liable to retire by rotation under the erstwhile applicable provisions of the Companies Act, 1956 are proposed to be appointed as non-retiring Independent Directors of the Company under the Companies Act, 2013 to hold office for a period of 5 (five) years from 30th September, 2014. It also meets with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, for being the Independent Directors on the Board of the Company.

The brief profiles of the Independent Directors are given below:

Name of Director	Mr. Nilesh Mehta	Mr. Amal Dhru	Mr. Mohanraj M. Singhi	Mr. Milan Shah
Date of Birth	24.04.1962	17.09.1951	19.12.1939	14.02.1960
Date of Appointment	26.12.1997	31.01.2004	24.03.1992	01.09.2006
Qualifications	FCA, PGDM - IIM Ahmedabad	FCA, PGDM - IIM Ahmedabad	B.Com. LL.M.	B.Com., FCA, ACS
Expertise in specific functional areas.	Investment Banking, Private Equity and Fund related activities and corporate advisory services.	Finance, Accounts, Taxation & Management consultancy.	Renowned Solicitor having expertise in legal counselling and documentation.	Finance, Accounts, Taxation and Corporate matters.
List of other Companies in which Directorship held	<ul style="list-style-type: none"> - Sterling Adlife India Ltd. - Jyothy Laboratories Ltd. - Bhavita Foundation - Nobel Hygiene Ltd. - Vikalpa Financial & Management Services (P) Ltd. - Aavishkaar Venture Trustees (P) Ltd. - Access Asset Managers (P) Ltd. - Access Trusteeship Company (P) Ltd. - J K Shah Education (P) Ltd. - Suashish Diamonds Ltd. - Jyothy Consumer Products Marketing Ltd. 	<ul style="list-style-type: none"> - Sirhind Steel Ltd. - Comprehensive Financial Services (P) Ltd. - FXB India Suraksha - Urja Products (P) Ltd. - Pahal Financial Services (P) Ltd. - Zilion Infraprojects (P) Ltd. 	Not Applicable	<ul style="list-style-type: none"> - Arvind Brands Ltd. - Anagram Knowledge Academy Ltd. - Asman Investments Ltd. - Arvind Garments Park (P) Ltd. - Fountainhead Mentoring (P) Ltd.
Chairman/Member of the Committees of the Board of other companies on which he is a Director	<u>Audit Committee - Member</u> <ul style="list-style-type: none"> - Suashish Diamonds Ltd. - Jyothy Consumer Products Marketing Ltd. 	Not Applicable	Not Applicable	Not Applicable
Self and Family members' shareholding in the Company	Nil	Nil	Nil	200 Equity Shares

The Company has received declarations from all the above Independent Directors stating that they meet with the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013. The Company has also received notices in writing from members along with the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Nilesh Mehta, Mr. Amal Dhru, Mr. Mohanraj M. Singhi and Mr. Milan Shah for the office of Independent Directors of the Company.

In the opinion of the Board, Mr. Nilesh Mehta, Mr. Amal Dhru, Mr. Mohanraj M. Singhi and Mr. Milan Shah fulfil the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as Independent Directors of the Company and are independent of the management. In view of the fact that the proposed appointees bring with them the vast experience in the diverse fields of Corporate Finance, Legal, Administration and Management and considering their profile and exposure in the respective fields it is desirable to approve their appointment as proposed and hence their appointment is recommended for your approval.

Except the Directors under appointment viz. Mr. Nilesh Mehta, Mr. Amal Dhru, Mr. Mohanraj M. Singhi and Mr. Milan Shah, none of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in anyway, concerned or interested, financial or otherwise, in the resolution set out at Item Nos. 4 to 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item Nos. 8 & 9:

The members of the Company have at the Extra-ordinary General Meeting of the Company held on May 02, 1995, approved Ordinary Resolutions as required under erstwhile Section 293 (1) (a) and 293(1) (d) of the Companies Act, 1956.

Under the Companies Act, 2013, Section 180(1)(a) & (c), which came into effect from 12th September, 2013, requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the prior fresh consent of the company by way of a special resolution passed at the General Meeting.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180 (1)(a) & (c) and other applicable provisions of the Companies Act, 2013, as set out at Item Nos. 8 & 9 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money at any time or from time to time for borrowing monies together with the monies already borrowed by the Company, if any, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business of Rs.400 Crores (Rupees Four Hundred crores only) in excess of the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. The Company, should an occasion arise, may also need to charge properties for securing borrowings in favour of lenders and as per provisions of Section 180(1)(a) of the Companies Act, 2013 creating charge on property of the Company in favour of lenders requires approval of shareholders in General Meeting.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested in the passing of the Resolutions at Item Nos. 8 and 9.

Item No. 10:

Resolution under Item No. 10 of the Notice relates to the reappointment of Mr. Pradeep Sharma as Director (Operations) of the Company for a further period of three years from 26th October, 2014 to 25th October, 2017 and approval of his remuneration and terms of reappointment.

Mr. Pradeep Sharma, aged 50 years, is Director (Operations) of the Company. He is Commerce and Law Graduate and has been associated with the Company for more than 25 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 Directors of the Company. He does not hold any equity shares of Panchmahal Steel Limited.

The Nomination and Remuneration Committee, at its meeting held on 12th August, 2014, had recommended the reappointment of Mr. Pradeep Sharma as Director (Operations) of the Company and terms of remuneration payable to him for a further period of three years from 26th October, 2014 to 25th October, 2017.

The Board of Directors, at its meeting held on 12th August, 2014, had approved the same. The Nomination and Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his reappointment will be in the interest of the Company.

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

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

1. Period of Appointment: From 26th October, 2014 to 25th October, 2017.
2. Remuneration:
 - a) Salary: Rs. 2,25,000/- per month.
 - b) Perquisites : Perquisites (evaluated as per Income Tax Rules, wherever applicable, and at actual cost to the Company in other cases) like the benefit of the Company's furnished accommodation or house rent allowance in lieu thereof, gas, electricity, water and furnishings, personal accident insurance, use of car and telephone at residence, medical reimbursement, leave travel assistance, encashment of leave, provident fund, superannuation fund and gratuity in accordance with the applicable rule(s) and scheme(s) of the Company. The total remuneration by way of salary, allowances and perquisites shall be restricted to an overall ceiling limit of Rs. 4,50,000/- 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 of the Agreement are such as are customarily contained in an agreement of similar nature.

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

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. 10 of the accompanying Notice for the approval of the Members.

The Draft of Agreement to be entered into between the Company and Mr. Pradeep Sharma for remuneration is available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.

Since the resolution at Item No. 10 relates to payment of remuneration to Mr. Pradeep Sharma, he is deemed to be concerned or interested in the said resolution. None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Item No. 11:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No. 00025) as Cost Auditors to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2015 at a remuneration of Rs.1.50 lacs plus service tax and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of the Notice. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges with which the shares of the Company are listed.

The Board commends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

Regd. Office :

GIDC Industrial Estate,
Kalol - 389 330,
Dist. Panchmahals (Gujarat)
CIN : L27104GJ1972PLC002153,
E-mail: shares@panchmahalsteel.co.in
Vadodara, August 12, 2014

By order of the Board of Directors

Deepak Nagar
GM (Legal) & Company Secretary

DIRECTORS' REPORT

To,
The Members

The Directors of your Company present to you the 41st Annual Report of your Company together with the Statement of Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

(Rs. in crores)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from Operations	326.92	340.88
Operating Expenses	316.28	320.47
Operating Profit before Interest, Tax, Depreciation & Amortization	10.64	20.41
Depreciation & Amortization Expense	6.85	8.17
Finance Costs	9.34	9.34
Other Income	0.99	2.37
Profit/(Loss) before Exceptional & Extraordinary Items and Tax	(4.56)	5.26
Exceptional & Extraordinary Items	1.60	-
Profit/(Loss) before Tax	(2.96)	5.26
Tax Expense (including Deferred Tax)	(1.13)	1.51
Profit/(Loss) after Tax	(1.82)	3.75
Balance brought forward from the previous year	39.05	38.14
Balance available for appropriation	37.23	41.89
<u>Appropriations:</u>		
Transfer from Debenture Redemption Reserve	-	0.03
Transfer to General Reserve	-	0.10
Proposed Dividend	-	2.36
Tax on Proposed Dividend	-	0.40
Compensation in lieu of Dividend	0.11	0.00
Balance carried to Balance Sheet	37.12	39.05

OPERATIONS

The sales and other income of the Company is Rs.327.91 crores as against Rs.343.25 crores in the previous year. The operating profit is Rs.10.64 crores as compared to Rs. 20.41 crores in the previous year.

The business environment continued to be challenging during the year on account of global slowdown and also on account of uncertainties in the Indian economy. High volatilities in the exchange rate further added to the uncertainties of business. However, your Company continues to improve and strengthen its operations and the management is hopeful and confident of better future of the company.

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March, 2014.

FINANCIAL RESTRUCTURING

Your Company has fully discharged all its liabilities towards secured lenders of the Company as per the Scheme of Compromise and/or Arrangement approved by the Hon'ble High Court of Gujarat. The Company has paid up all its long term debt.

The Company has issued 1,73,869 Equity Shares of Rs. 10/- each as fully paid-up shares at a premium of Rs.152.75 per share aggregating to Rs.2,82,97,180/- to Gujarat Industrial Investment Corporation Limited as per the order of Hon'ble High Court of Gujarat under the Scheme of Compromise and/or Arrangement.

DEPOSITS

The Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on 31st March, 2014.

STATUTORY DISCLOSURES

1. The statutory disclosures in accordance with Section 217(1)(e) of the Companies Act, 1956, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo are made in Annexure-A to this report.
2. The information required under the amended provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report is given in Annexure - B of this report.
3. A Report on Corporate Governance, pursuant to the revised Clause 49 of the Listing Agreement, along with the Auditors Certificate regarding compliance of conditions of Corporate Governance and Management Discussion & Analysis Report are separately given as Annexure - C to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors affirm that the audited accounts containing financial statements for the financial year 2013-14 are in full conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly, the form and substances of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These statements are audited by the statutory auditors M/s JRS Patel & Co., Chartered Accountants, Vadodara.

Your Directors further confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) 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 on 31st March, 2014 and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

Your Company's Internal Auditors have conducted periodic audits to provide reasonable assurances that established policies and procedures have been followed.

DIRECTORS

In accordance with the erstwhile provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Nilesh Mehta and Mr. Amal Dhru, Directors of the Company retire by rotation at the ensuing Annual General Meeting. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Nilesh Mehta and Mr. Amal Dhru have offered themselves for appointment as Independent Director for 5 years from the date of ensuing Annual General Meeting to be held on 30th September, 2014. Further Mr. Mohanraj M. Singhi and Mr. Milan Shah, Directors whose period of office is subject to retirement by rotation have offered themselves for appointment as Independent Directors for 5 years from the date of ensuing Annual General Meeting to be held on 30th September, 2014 in terms of Section 149 and any other applicable provisions of Companies Act, 2013. The Company has received requisite disclosures / declarations from all Independent Directors viz, Mr. Nilesh Mehta, Mr. Amal Dhru, Mr. Mohanraj M. Singhi & Mr. Milan Shah as required under the relevant provisions of Companies Act, 2013.

The Company has received notices under Section 160 of Companies Act, 2013 from members signifying their intention to propose Mr. Nilesh Mehta, Mr. Amal Dhru, Mr. Mohanraj M. Singhi & Mr. Milan Shah as candidates for the office of Independent Directors at the ensuing Annual General Meeting.

The Board of Directors have re-appointed Mr. Pradeep Sharma as Director (Operations) of the Company w.e.f. 26th October, 2014 for a period of 3 years. The Board recommend his re-appointment.

Mr. Ashok Malhotra, Director of the Company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

AUDITORS

The Auditors M/s. JRS Patel & Co., Chartered Accountants, Vadodara, retires and offers themselves for re-appointment.

The observations made by the Auditors, read with the relevant Notes to the Accounts and Accounting Policies are self explanatory.

COST AUDIT

In terms of Section 148 of the Companies Act, 2013, the Board has appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmadabad, as Cost Auditors to carry out the cost audit in respect of Steel Plant of the Company for the financial year 2014-15.

As required under the provision of Section 139(1) of the Companies Act, 2013, M/s. Kiran J. Mehta & Co., Cost Accountants have given their consent and written certificate under the provisions of Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014. Further, Section 148 (3) of Companies Act, 2013 requires that the remuneration of cost auditors shall require the ratification of Shareholders and accordingly the appropriate resolution has been included in the notice convening the 41st Annual General Meeting.

The Cost Audit Report for the financial year 2012-13, which was due to be filed with the Ministry of Corporate Affairs by September 27, 2013, was filed on June 13, 2013.

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 : 12th August, 2014

Ashok Malhotra
Chairman & Managing Director

Annexure - A to Directors' Report

FORM - A

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

	<u>Year</u> <u>2013-14</u>	<u>Year</u> <u>2012-13</u>
A. Power and Fuel Consumption :		
1. Electricity		
(a) Purchased		
Units (kwh)- in '000s	32943500	31779500
Total Amount (Rs. in lacs)	303417302	272306276
Rate per Unit- kwh (Rs.)	9.21	8.57
(b) Own Generation		
(i) Through Diesel Generator	It is Emergency stand by utility	
(ii) Through Steam Turbine/Generator	-	-
2. Coal	-	-
3. Furnace Oil		
Qty. (M.T.)	1837.858	1629.437
Value (Rs. in lacs)	80201933	68322979
Average Rate per Kg.(Rs.)	43.64	41.93
B. Consumption per unit of Production :		
<u>Products</u>		Electricity (kwh per Tonne)
Billets	848	917
Rolled Products	231	218
		Furnace Oil (Kgs. per Tonne)
Billets	16.96	15.01
Rolled Products	53.39	51.72

FORM - BDisclosure of Particulars with Respect to Technology Absorption 2013-14.

I. Research & Development (R&D)

1. Specific area in which R & D carried out by the Company	-	Nil
2. Benefits derived as a result of the above R & D	-	Nil
3. Future Plan of Action	-	Nil
4. Expenditure on R & D	-	Nil

II. Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards, Technology Absorption and Innovation :

Innovation and Technology adaptation is an Integral Part of Company work culture. The Operating Personnel work as a team for effective adaptation and absorption of technology.

2. Benefits derived as a result of the above efforts :

The above efforts have resulted in improved quality and reproducibility of Company's Products. It has also helped improved yields and reduced costs.

3. Technology Imported during last 5 years	-	Nil
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III. Foreign Exchange Earned and outgo :

i) Foreign Exchange earned :	Rs. 73.26 Crores (Rs.136.10 crores)
ii) Foreign Exchange used :	Rs.167.66 Crores (Rs.132.33 Crores)

For and on behalf of the Board of Directors

Place : Vadodara

Date : 12th August, 2014

Ashok Malhotra

Chairman & Managing Director

Annexure - B to Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 2014.

Sr.No.	Name of the Employee	Age	Designation	Remuneration Received (Rs. in lacs)	Qualification	Experience (Years)	Date of Employment	Particular of Last employment
01	Mr. Ashok Malhotra	61	Chairman & Managing Director	120.03	B.Com.	42	01.12.1976	N.A.

Note :

1. The remuneration to the Chairman & Managing Director has been paid in accordance with the approval of the Central Government.
2. The Chairman & Managing Director is a relative of Mr. Hanish Malhotra, Director (Marketing) of the Company.
3. The appointment is contractual in nature.

Annexure - C to the Directors' Report for the year ended 31st March, 2014

I Report on Corporate Governance

1. Corporate Governance Philosophy

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

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

2. Board of Directors

(i) Composition of the Board

The Board at present consist of seven (7) Directors, including the Executive Chairman. Out of these directors, four are Non-executive Independent Directors. The Composition of Board is in conformity with Clause 49 of the Listing Agreement which stipulates that at least half of the Board should comprise of Independent Directors if the Chairman of the Board is an Executive Chairman.

The Company has had no pecuniary relations or transactions with the Non-Executive Directors. The composition of the Board as at 31st March, 2014 is as under:

Name of the Director	Category	Number of other		
		Director-ships	Committee Memberships	Committee Chairmanships
Mr. Ashok Malhotra	Non-Independent Executive Director	2	Nil	Nil
Mr. Nilesh Mehta	Independent Non-Executive Director	11	2	Nil
Mr. Mohanraj M. Singhi	Independent Non-Executive Director	Nil	Nil	Nil
Mr. Amal Dhru	Independent Non-Executive Director	6	Nil	Nil
Mr. Milan Shah	Independent Non-Executive Director	5	Nil	Nil
Mr. Hanish Malhotra	Non-Independent-Executive Director	1	Nil	Nil
Mr. Pradeep Sharma	Non-Independent-Executive Director	Nil	Nil	Nil

(ii) Board Meetings held and attendance of Directors

During the year under review, 5 (Five) Board Meetings were held on 28th May, 2013, 13th August, 2013, 25th September, 2013, 14th November, 2013 & 13th February, 2014. The Fortieth Annual General Meeting was held on 29th July, 2013. The attendance of each Director at these meetings was as follows:

Sr. No.	Name of the Director	No. of Board Meetings attended	Attendance at the AGM held on 29.07.2013
1	Mr. Ashok Malhotra	5	Yes
2	Mr. Nilesh Mehta	3	No
3	Mr. Mohanraj M. Singhi	2	No
4	Mr. Amal Dhru	5	No
5	Mr. Milan Shah	4	No
6	Mr. Hanish Malhotra	5	Yes
7	Mr. Pradeep Sharma	5	Yes

(iii) Disclosure regarding appointment/re-appointment of Directors at the Annual General Meeting

Mr. Ashok Malhotra shall retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

Mr. Ashok Malhotra, 62 years, is a Chairman & Managing Director of the Company. He is Commerce Graduate and has been associated with the Company for more than 37 years. He also holds directorships in AMIL

Enterprises (P) Limited and Honeyvick Enterprises (P) Limited. He is not holding any committee membership and/or chairmanship of other companies.

He is holding 13,38,432 equity shares of the Company and is related to Mr. Hanish Malhotra, Director (Marketing) of the Company.

As required under Clause 49(IV)(G), particulars of other Directors seeking appointment/re-appointment are given in the Explanatory Statement of the Notice of the Annual General Meeting to be held on 30th September 2014.

3. 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 specified under the Companies Act and Clause 49 of the Listing Agreement. These inter alia include review and recommendation for approval to the Board, quarterly and annual audited/unaudited financial results, review adequacy of internal control systems and procedures, recommend for approval to the Board for appointment of statutory auditors, cost auditors and internal auditors, review of Revenue and Capital Budgets, Related Party Transactions and internal Audit function etc.

The composition of Audit Committee and details of Audit Committee meetings held during the year ended 31st March 2014 and the attendance of the Audit Committee Members are as follows:

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

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

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

appointed as Chairman w.e.f. 12th August, 2014

In accordance with Section 177 of the Companies Act, 2013 and as per revised Clause 49 of Equity Listing Agreement (effective from October 1, 2014), the Board of Directors of the Company at their meeting held on 12th August, 2014, has reconstituted and approved the revised terms of reference for the Audit Committee. Further the Audit Committee has been granted powers as prescribed under Clause 49 (III)(C) of the Listing Agreement.

4. Nomination & Remuneration Committee (erstwhile Remuneration Committee)

The Nomination & Remuneration Committee was set up to evaluate compensation and benefits for Directors and to frame suitable policies and systems for the same.

In accordance with Section 178 of the Companies Act, 2013 and as per revised Clause 49 of Equity Listing Agreement (effective from October 1, 2014), the Board of Directors of the Company at their meeting held on 12th August, 2014, have approved the change in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and have reconstituted and revised their terms of reference.

Composition of Remuneration Committee

The Remuneration Committee comprises of three Directors as its members. During the financial year 2013-14, no business warranted the holding of the meeting of the Remuneration Committee. The composition of the Remuneration Committee as on date is as under:

Sr. No.	Member of the Remuneration Committee	Category
1	Mr. Mohanraj M. Singhi, Chairman	Independent & Non-Executive Director
2	Mr. Nilesh Mehta, Member *	Independent & Non-Executive Director*
3	Mr. Amal Dhru, Member	Independent & Non-Executive Director
4	Mr. Ashok Malhotra, Member **	Non-Independent Executive Director**

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

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

Remuneration of Directors for the year ended 31st March, 2014

Remuneration of Executive Directors is decided by the Board based on recommendations of Nomination & Remuneration Committee as per the remuneration policy of the Company, within the ceiling fixed by the shareholders or as approved by the Central Government. The details of the remuneration paid to the Directors for the year ended March 31, 2014 are as under: (Rs. in lacs)

Sr. No.	Name of the Director	Salary, Allowance Perquisites	Contribution to Provident and Superannuation Funds	Sitting Fees (incl. Committee Meetings)	Total Amount
1	Mr. Ashok Malhotra	110.67	9.36	Nil	120.03
2	Mr. Nilesh B. Mehta	Nil	Nil	0.60	0.60
3	Mr. Mohanraj M. Singhi	Nil	Nil	0.20	0.20
4	Mr. Amal Dhru	Nil	Nil	0.90	0.90
5	Mr. Milan Shah	Nil	Nil	1.00	1.00
6	Mr. Hanish Malhotra	33.35	2.88	Nil	36.23
7	Mr. Pradeep Sharma	29.42	5.67	Nil	35.09

5. Stakeholders Relationship Committee (erstwhile Shareholders and Investor Grievance Committee)

In accordance with Section 178 (5) of the Companies Act, 2013 and as per revised Clause 49 of Equity Listing Agreement (effective from October 1, 2014), the Board of Directors of the Company at their meeting held on 12th August, 2014, have reconstituted and approved the change in nomenclature of the Shareholders'/ Investors' Grievances Committee to Stakeholders Relationship Committee and revised their terms of reference. The Committee shall in addition to the revised terms of reference resolve the grievances of deposit holders and other security holders of the Company.

The Stakeholder Relationship Committee at the Board level specifically look into the redressal of the grievance, complaints and other issues concerning the shareholders/deposit holders/security holders including transfer and transmissions of shares, issue of duplicate/consolidated/split share certificates etc.

The details of composition of the Stakeholders Relationship Committee and attendance at its Meetings are given below:

Name of Director	Category	No. of Meetings	
		Held	Attended
Mr. Milan Shah, Chairman	Non-Executive Independent Director	4	4
Mr. Hanish Malhotra, Member	Non-Independent Executive Director	4	4
Mr. Pradeep Sharma, Member*	Non-Independent Executive Director	–	–

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

All the transfers received have been processed in time with no pending share transfers. There are no unresolved shareholders' complaints pending.

The Board has designated Mr. Deepak Nagar, GM (Legal) & Company Secretary as Compliance Officer to monitor share transfers, shareholders' grievances and complaints and liaise with regulatory authorities.

All the shares received for Transfer/Transmission/Transposition/Split/Consolidation etc. are processed and dispatched within the period not exceeding fifteen days and a half-yearly Certificate from a Practicing Company Secretary to that effect is being obtained pursuant to Clause 47(c) of the listing agreement.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by the Practicing Company Secretary. This Audit confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the two depositories viz. the NSDL and CDSL.

As on 31st March, 2014, there were no pending share transfers pertaining to the year under review.

6. CEO/CFO Certificate

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

7. 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
25.07.2011	10.00 a.m.	Annual General Meeting	-
16.07.2012	10.00 a.m.	Annual General Meeting	4*
30.03.2013	10.00 a.m.	Extra-ordinary General Meeting	1**
29.07.2013	10.00 a.m.	Annual General Meeting	-

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

** Special Resolution was passed under Section 309(5B) of the Companies Act, 1956 for waiver of excess remuneration paid to the Managing Director of the Company over and above the limits prescribed under Section 309 read with Schedule XIII to the Companies Act, 1956 for the 3 financial years ended on 31.30.2010, on 31.03.2011 & on 31.03.2012.

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

8. Disclosures

- During the financial year 2013-14, there were no materially significant transactions with related party i.e. transactions of the Company of material nature with its Promoters, the Directors or the management, their subsidiaries 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.8 to Annual Accounts of the Annual Report.
- No penalties and strictures have been imposed on the Company by the Stock Exchange, SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

9. Means of Communication

- (i) Financial Results are published in leading financial news papers 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.

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

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

10. General Shareholder information

(i) 41st Annual General Meeting

Date & Time : Tuesday, 30th September, 2014 at 10.00 a.m.

Venue : Regd. Office : GIDC Industrial Estate, Kalol - 389 330, Dist. Panchmahals (Gujarat).

(ii) Financial Calendar (tentative)

Unaudited Results for the quarter ending 30.06.2014	Latest by 14th August, 2015
Unaudited Results for the quarter ending 30.09.2014	Latest by 14th November, 2015
Unaudited Results for the quarter ending 31.12.2014	Latest by 14th February, 2015
Unaudited Results for the quarter ending 31.03.2015; OR	Latest by 15th May, 2015
In case Company takes Audited Results for the whole Financial Year.	Latest by 30th May, 2015

(iii) Date of Book Closure

The period of Book Closure is from Friday, the 26th September, 2014 to Tuesday, the 30th September, 2014 (both days inclusive).

(iv) Dividend Payment Date

The Board has not recommended any dividend for the year ended 31.03.2014.

(v) Listing on Stock Exchanges

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

Stock Code :

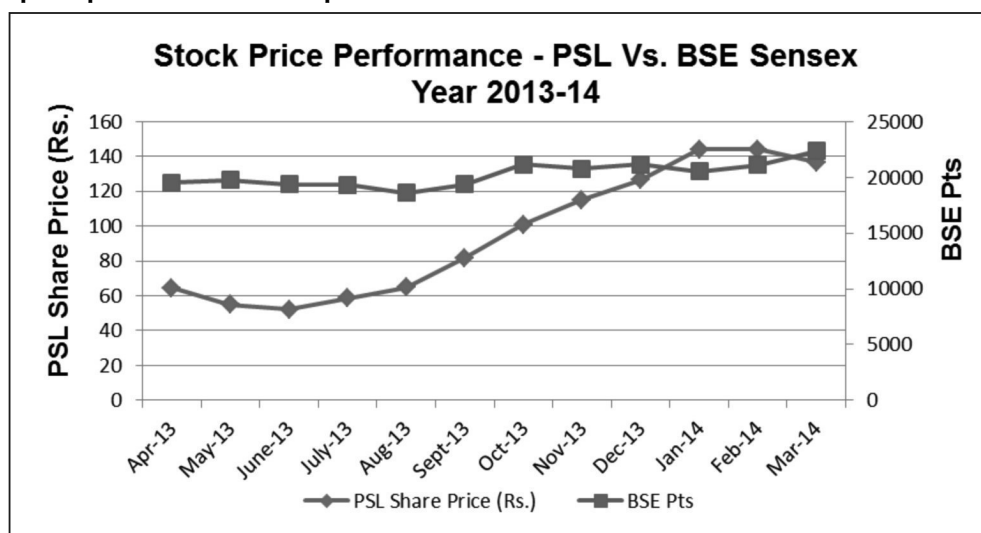
The Bombay Stock Exchange Ltd. - 513511

ISIN for NSDL & CDSL - INE 798F01010

(vi) Corporate Identification Number (CIN) : L27104GJ1972PLC002153**(vii) Market Price Data**

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

Month	Share Price (Rs.)		Quantity Traded (No. of Shares)
	High	Low	
April, 2013	64.40	56.00	1,125
May, 2013	61.20	49.90	556
June, 2013	52.25	52.25	21
July, 2013	58.80	54.80	4
August, 2013	64.75	61.60	6
September, 2013	81.80	67.95	8
October, 2013	101.00	84.40	9
November, 2013	115.00	106.00	3
December, 2013	126.35	114.80	7
January, 2014	151.50	131.00	14
February, 2014	-	-	0
March, 2014	136.80	136.80	2

(viii) Share price performance in comparison to broad based indices - BSE Sensex

(ix) Registrar & Share Transfer Agents

During the year under review, the Company has changed its Registrar & Share Transfer Agent from M/s MCS Limited to M/s MCS Share Transfer Agent Limited. The entire share transfer process, physical as well as dematerialised, is being handled by the Company's Registrars & Share Transfer Agents viz. M/s. MCS Share Transfer Agent Limited.

The Members and the Depository Participants are requested to kindly send their requests for transfer, dematerialisation and rematerialisation of shares directly to the Registrar at the following address:

M/s MCS Share Transfer Agent Limited

Unit - Panchmahal Steel Limited

Neelam Apartment, 88, Sampatrao Colony, Chhapanbhog, Alkapuri, Vadodara-390 007.

Tel Nos.: 0265-2339397, 2314757, 2350490, Fax No.: 0265-2341639

E-mail : mcsldbbaroda@yahoo.com, mcsldbbaroda@gmail.com

(x) Share Transfer System

M/s MCS Share Transfer Agent Ltd. (RTA) process 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 and the gists are placed before the meetings of the Stakeholders Relationship Committee and the Board of Directors for their noting.

(xi) Distribution of Shareholding & Shareholding Pattern as on 31.03.2014

Shareholding Pattern			Distribution of Shareholding		
Category	No. of Shares	%	No. of Shares	No. of Shareholders	Shares held in each class
Promoters/Promoters Group	12542863	65.74	01 - 500	3205	362608
Institutional Investors :			501 - 1000	64	51148
- Mutual Funds/UTI	5700	0.03	1001 - 2000	23	30775
- Banks, Financial Institutions, Insurance Companies	4280374	22.44	2001 - 3000	6	15244
- Foreign Institutional Investors	1000	0.01	3001 - 4000	8	29097
Others :			4001 - 5000	6	26255
- Private Corporate Bodies	1631482	8.55	5001 - 10000	3	20983
- NRIs/OCBs	555	0.00	10001 & above	22	18542219
- Indian Public	616355	3.23			
Total	19078329	100.00	Total	3337	19078329

(xii) Dematerialisation of Shares

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

1,88,64,524 number of Equity Shares of the Company representing 98.88% of the Share Capital are dematerialised upto 31.03.2014.

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

Not Applicable

(xiv) Plant Location

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

(xv) Address for Correspondence

7th Floor, Landmark, Race Course Circle, Vadodara- 390 007.

Phone Nos. (0265) 3051777, Fax No. (0265) 3051705

E-mail : dnagar@panchmahalsteel.co.in

A separate e-mail id : shares@panchmahalsteel.co.in has been created specifically for investor query / complaints.

Declaration by the Chairman & Managing Director

(Code of Conduct - Pursuant to Clause 49 of the Listing Agreement)

To,
The Members of
Panchmahal Steel Limited

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

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them in respect of the financial year 2013-14.

Place : Vadodara
Date : 12th August, 2014.

Ashok Malhotra
Chairman & Managing Director

II. Management Discussion and Analysis Report**Industry Structure, Developments and Outlook**

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

The Company is an established and recognized quality producer of stainless Steel long products both in the domestic and export market.

The business environment continued to be challenging during the year on account of global slowdown and also on account of uncertainties in the Indian economy. High volatilities in the exchange rate further added to the uncertainties of business. However, your Company continues to improve and strengthen its operations and the management is hopeful and confident of better future of the company.

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 : 12th August, 2014.

Ashok Malhotra
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Panchmahal Steel Limited

We have examined the compliance of conditions of Corporate Governance by Panchmahal Steel Limited for the financial year 2013-14 as stipulated in Clause 49 of Listing Agreement entered into by the said Company with the stock exchanges.

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

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

We state that no grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Shareholders/Investors Grievance Committee.

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

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

Place : Vadodara
Date : 12th August, 2014.

Kalpesh Parmar
Partner
Membership No. 103887

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 which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The company's Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- e. On the basis of written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

Place : Vadodara
Date : 29th May, 2014

Kalpesh Parmar
Partner
Membership No. 103887

ANNEXURE REFERRED TO PARAGRAPH 1 UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2014 OF PANCHMAHAL STEEL LIMITED, KALOL.

1. In respect of its Fixed Assets :
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.
 - (b) The Company carries out physical verification of fixed assets under a phased program of verification at reasonable intervals, which in our opinion is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) In our opinion, the fixed assets disposed off do not constitute substantial part of the fixed assets of the Company and such disposal has, as such not affected the going concern status 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) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of its inventories. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventory as compared to the book records.
3. Loans granted/taken by the Company:
 - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in register maintained under Section 301 of the Companies Act, 1956.
 - (b) Since the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, therefore, sub-clauses (b), (c) and (d) of (iii) of the said Order are not applicable.
 - (c) The Company have taken unsecured loans from a companies listed in the register maintained under Section 301 of the Companies Act, 1956. Total number of Parties involved are 2 (Two). Total amount outstanding as at 31.03.2014 is Rs. Nil/- (Rupees Nil). The maximum amount involved was Rs.2,49,39,967/- (Rupees Two Crore Forty Nine Lacs Thirty Nine Thousand Nine Hundred Sixty Seven Only). The Company has not taken any loans, secured or unsecured from firms or other parties listed in register maintained under Section 301 of the Companies Act, 1956.
 - (d) In our opinion, the rate of interest and other terms and conditions in respect of loans taken from the Companies listed in the register maintained under Section 301 of the Companies Act, 1956, are not prima-facie prejudicial to the interest of the Company.
 - (e) In respect of the loan taken by the Company from the Companies listed in the register maintained under Section 301 of the Companies Act, 1956, the interest payments are regular and the principal amount is repayable on demand.
4. In our opinion and according to explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control systems.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
 - (a) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.

- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contract or arrangements entered in to the register in pursuance of Section 301 of the Act and exceeding the value of rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time, wherever applicable.
6. 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 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder and the directives issued by the Reserve Bank of India, wherever applicable, does not arise.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. 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 209(1)(d) of the Companies Act, 1956, 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.
9. According to the information and explanations given to us in respect of statutory and other dues :
- (a) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities during the year.
- (b) According to the information and explanations given to us and on the basis of records produced before us by the Company, the details of disputed Income Tax/Custom Duty/Excise Duty/Service Tax which have not been deposited as on 31st March, 2014 are given below:

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	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	CESTAT, Mumbai
The Central Excise Act, 1944	Excise Duty	21,00,056	Assistant Commissioner , Halol
The Central Excise Act, 1944	Excise Duty	4,38,138	Commissioner (Appeals), Baroda
The Central Excise Act, 1944	Excise Duty	8,05,432	Commissioner (Appeals), Baroda
The Central Excise Act, 1944	Excise Duty	3,35,090	Commissioner (Appeals), Baroda
The Central Excise Act, 1944	Excise Duty	3,90,968	CESTAT, Ahmedabad.
Finance Act, 1994 (Service Tax Provision)	Service Tax	2,15,610	Commissioner (Appeals), Baroda
Finance Act, 1994 (Service Tax Provision)	Service Tax	17,90,457	CESTAT, Ahmedabad.
The Custom Act, 1962	Custom Duty	4,66,000	CESTAT, Mumbai
Central Sales Tax, 1956	Sales Tax	8,57,242	Joint Commissioner of Commercial Tax, Vadodara
The Income Tax Act, 1962	Income Tax	1,00,03,250	Commissioner of Income Tax (Appeals), Baroda

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks, debenture holders and financial institutions.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, the requirements of Clause 4(xiv) of the Order, to comment on whether the terms and conditions, whereof are prejudicial to the interest of the Company, is not applicable.
16. The Company has not taken any term loans during the year.
17. On the basis of the information and explanations given to us and on an overall examination of the Cash Flow and Balance Sheet of the Company as at the end of the year, funds raised on short term basis have, prime facie, not being used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties or companies covered in the Register maintained under Section 301 of Companies Act, 1956.
19. According to the information and explanations given to us and the records examined by us, the Company has created securities in respect of debentures issued and outstanding as at the end of the year.
20. According to the information and explanations given to us, the Company has not made any public issues during the year and therefore the question of disclosing the end use of money does not arise.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Place : Vadodara
Date : 29th May, 2014

Kalpesh Parmar
Partner
Membership No. 103887

BALANCE SHEET AS AT 31ST MARCH, 2014

Particulars	Note No.	(Amount in Rupees)	
		AS AT 31.03.2014	AS AT 31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	190,831,190	189,092,500
(b) Reserves and Surplus	3	1,190,000,599	1,188,436,645
(2) Non-Current Liabilities			
(a) Long Term Provisions	4	5,295,642	56,071,188
(3) Current Liabilities			
(a) Short Term Borrowings	5	512,290,217	484,000,794
(b) Trade Payables	6	1,141,347,302	956,074,265
(c) Other Current Liabilities	7	152,836,135	144,327,853
(d) Short Term Provision	8	5,817,449	33,092,908
TOTAL		3,198,418,534	3,051,096,153
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	1,189,018,613	1,163,994,229
(ii) Capital work-in-progress		4,695,389	58,781,536
(b) Non-current Investments	10	2,000	5,000
(c) Deferred Tax Assets (net)	11	28,146,660	16,822,212
(d) Long Term Loans and Advances	12	93,678,467	114,975,607
(2) Current Assets			
(a) Inventories	13	1,325,368,846	1,272,695,948
(b) Trade Receivables	14	354,487,592	274,393,093
(c) Cash and Cash equivalents	15	51,823,921	51,828,270
(d) Short Term Loans and Advances	16	137,013,663	88,456,786
(e) Other Current Assets	17	14,183,383	9,143,472
TOTAL		3,198,418,534	3,051,096,153
Significant Accounting Policies and accompanying Notes to the Accounts	1		

As per our Report of even date attached

For **J.R.S. Patel & Co.**
Chartered Accountants**Ashok Malhotra**
Chairman and Managing Director**Hanish Malhotra**
Director (Marketing)**Kalpesh Parmar**
Partner
Membership No.103887
Vadodara, 29th May, 2014**Pradip H. Gupta**
Vice President (Finance)**Deepak Nagar**
GM (Legal) & Company SecretaryVadodara, 29th May, 2014

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in Rupees)			
Particulars	Note No.	For the year 2013-2014	For the year 2012-2013
I. Revenue from Operations	18	3,269,197,231	3,408,787,555
II. Other Income	19	9,887,083	23,666,126
III. Total Revenue (I + II)		<u>3,279,084,314</u>	<u>3,432,453,681</u>
IV. Expenses			
Cost of Materials Consumed	20	2,406,674,069	2,126,655,224
Manufacturing Expenses	21	699,833,506	630,018,517
Change in Inventory of Finished Goods	22	(219,548,941)	146,333,394
Employee Benefits Expenses	23	146,929,273	152,278,795
Finance Costs	24	93,389,432	93,433,329
Depreciation and Amortization Expenses	9	68,487,591	81,659,103
Other Expenses	25	128,938,607	149,430,118
Total Expenses		<u>3,324,703,537</u>	<u>3,379,808,480</u>
V. Profit/(Loss) before Exceptional and Extraordinary Items and Tax (III - IV)		(45,619,223)	52,645,201
VI. Exceptional and Extraordinary Items		16,046,358	-
VII. Profit/(Loss) before Tax (V- VI)		(29,572,865)	52,645,201
VIII. Tax Expenses			
(1) Current Tax (MAT)		-	10,575,307
Less : MAT Credit Entitlement		-	10,575,307
Net Current Tax		-	-
(2) Deferred Tax		(11,324,448)	15,138,170
IX. Profit/(Loss) for the period from continuing Operations after Tax (VII - VIII)		<u>(18,248,417)</u>	<u>37,507,031</u>
X. Earnings per Equity Share			
Basic & Diluted		(0.961)	1.984
Significant Accounting Policies and accompanying Notes to the Accounts	1		

As per our Report of even date attached

For **J.R.S. Patel & Co.**
Chartered Accountants**Ashok Malhotra**
Chairman and Managing Director**Hanish Malhotra**
Director (Marketing)**Kalpesh Parmar**
Partner
Membership No.103887
Vadodara, 29th May, 2014**Pradip H. Gupta**
Vice President (Finance)**Deepak Nagar**
GM (Legal) & Company SecretaryVadodara, 29th May, 2014

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2013-14

(Amount in Rupees)

	Year ended 31.03.2014	Year ended 31.03.2013
A. Cash Flow from Operating Activities		
Net (Loss)/ Profit before Tax and Extraordinary Items	(29,572,865)	52,645,201
Adjustments for :		
Depreciation	68,487,591	81,659,103
Exceptional & Extra Ordinary items	(16,046,358)	-
Provision for wealth Tax	163,380	210,850
Finance Cost	93,389,432	93,433,329
Loss on sale/disposal of Capital Assets	495,282	-
(Profit) on sale of Capital Assets	-	(9,611,000)
Interest Income	(4,282,247)	(7,010,943)
Operating Profit before Working Capital Changes	112,634,215	211,326,540
Adjustments for (Increase) / Decrease in Operating Assets :		
Inventories	(52,672,898)	174,617,835
Trade Receivables	(80,094,499)	(16,764,111)
Short Term Loans and Advances	(44,385,301)	(8,407,217)
Long Term Loans and Advances	21,297,140	7,866,391
Other Current Assets	(4,793,422)	(514,407)
Adjustments for Increase / (Decrease) in Operating Liabilities :		
Trade Payables	185,273,037	(96,882,816)
Other Current Liabilities	8,306,801	(34,028,322)
long Term Liabilities	-	(5,168,197)
Short Term Provisions	371,132	(258,965)
Long Term Provisions	(50,775,546)	(383,541)
Cash Generated from Operation	95,160,659	231,403,190
Direct Taxes Paid	(4,334,956)	(8,258,645)
Net Cash from Operating Activities	90,825,703	223,144,545
B. Cash Flow from Investing Activities	...A	
Purchase of Fixed Assets	(43,171,350)	(127,118,225)
Sale / Redemption of Investment	3,000	25
Sale / Disposal of Fixed Assets	19,296,598	13,190,839
Interest Received	4,035,758	8,677,977
Net Cash (Used in) / from Investing Activities	...B	(19,835,994)
C. Cash Flow from Financing Activities		
Repayment of Long Term Borrowings	-	(1,266,664)
Net Increase / (Decrease) in Working Capital Borrowings	28,289,423	37,432,100
Finance Cost	(93,328,098)	(94,763,906)
Dividend Paid	(23,490,428)	(47,039,774)
Tax on Dividend	(4,016,016)	(7,666,940)
Proceeds from Issue of Shares (including premium)	28,297,180	-
Premium paid on Redemption of Debentures	(5,659,436)	-
Compensation paid in lieu of Dividend	(1,086,683)	-
Net Cash (Used in)/ from Financing Activities	...C	(70,994,058)
Net Increase/(Decrease) in Cash & Cash Equivalents	(A+B+C)	(4,349)
Cash and Cash equivalents at the beginning of the year :		
Cash on Hand	139,461	258,142
Balance with Banks in Current, Margin and Deposits Accounts	51,688,809	46,980,151
	51,828,270	47,238,293
Cash and Cash equivalents at the closing of the year :		
Cash on Hand	166,015	139,461
Balance with Banks in Current, Margin and Deposits Accounts	51,657,906	51,688,809
	51,823,921	51,828,270
Net Increase/(Decrease) as disclosed above	(4,349)	4,589,977

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**Kalpesh Parmar**
Partner
Membership No.103887
Vadodara, 29th May, 2014**Ashok Malhotra**
Chairman and Managing Director
Pradip H. Gupta
Vice President (Finance)**Hanish Malhotra**
Director (Marketing)
Deepak Nagar
GM (Legal) & Company SecretaryVadodara, 29th May, 2014

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014

(Amount in Rupees)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
NOTE NO. 2		
SHARE CAPITAL		
AUTHORISED		
4,00,00,000 (4,00,00,000) Equity Shares of Rs. 10/- each	400,000,000	400,000,000
ISSUED SHARE CAPITAL		
1,90,89,029 (1,89,15,160) Equity Shares of Rs. 10/- each fully paid-up	190,890,290	189,151,600
SUBSCRIBED SHARE CAPITAL		
1,90,89,029 (1,89,15,160) Equity Shares of Rs. 10/- each fully paid-up	190,890,290	189,151,600
PAID-UP SHARE CAPITAL		
1,90,78,329 (1,89,04,460) Equity Shares of Rs. 10/- each fully paid-up	190,783,290	189,044,600
Add: Forfeited Equity Shares of Rs.10/- each		
5,600 Forfeited Equity Shares of Rs.3/- each Paid	16,800	16,800
4,600 Forfeited Equity Shares of Rs.6/- each Paid	27,600	27,600
500 Forfeited Equity Shares of Rs.7/- each Paid	3,500	3,500
	47,900	47,900
TOTAL	190,831,190	189,092,500

Additional Notes :

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

Share Capital	31.03.2014		31.03.2013	
	No. of Shares	Nominal Value Rs.	No. of Shares	Nominal Value Rs.
Equity Shares at the beginning of the year	1,89,04,460	189,044,600	18,904,460	189,044,600
Add : Equity Shares allotted during the year	1,73,869	1,738,690	-	-
Equity Shares at the end of the year	1,90,78,329	190,783,290	1,89,04,460	189,044,600

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

Name of Share Holder	31.03.2014		31.03.2013	
	Number of Shares held	% Holding in Shares	Number of Shares held	% Holding in Shares
a) Mr.Ashok Malhotra	1338432	7.02	1338432	7.08
b) Honeyvick Enterprises Pvt. Ltd.	6798000	35.63	6798000	35.96
c) Amil Enterprises Pvt. Ltd.	3527311	18.49	3527311	18.66
d) ICICI Bank Ltd.	3194539	16.74	3194539	16.90

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, 2014

(Amount in Rupees)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
NOTE NO. 3		
<u>RESERVES AND SURPLUS</u>		
Capital Reserve		
As per last Balance Sheet	17,523,435	17,523,435
Securities Premium Account		
As per last Balance Sheet	750,372,332	750,372,332
(including Rs.4,26,100/- of Forfeited Shares)		
Less : Premium on Redemption of Debentures	<u>(5,659,436)</u>	-
	744,712,896	750,372,332
Add : Premium on Conversion of Fully Convertible Debentures (FCDs)	<u>26,558,490</u>	-
	771,271,386	750,372,332
Debentures Redemption Reserve		
As per last Balance Sheet	-	325,000
Less : Transfer to Statement of Profit and Loss	<u>-</u>	<u>(325,000)</u>
	-	-
General Reserve		
As per last Balance Sheet	30,000,000	29,000,000
Add : Transfer from Surplus in Statement of Profit and Loss	<u>-</u>	<u>1,000,000</u>
	30,000,000	30,000,000
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	390,540,878	381,355,438
Add : Surplus/(Deficit) for the year	(18,248,417)	37,507,031
Transfer from Debenture Redemption Reserve	<u>-</u>	<u>325,000</u>
	372,292,461	419,187,469
Less : Appropriations		
Proposed Dividend	-	23,630,575
Corporate Dividend Tax	-	4,016,016
Compensation in Lieu of Dividend	1,086,683	-
Transfer to General Reserve	<u>-</u>	<u>1,000,000</u>
	1,086,683	28,646,591
	371,205,778	390,540,878
TOTAL	<u><u>1,190,000,599</u></u>	<u><u>1,188,436,645</u></u>
NOTE NO. 4		
<u>LONG TERM PROVISIONS</u>		
Provision for Leave Encashment	5,295,642	4,511,315
Interest Provision	-	51,559,873
TOTAL	<u><u>5,295,642</u></u>	<u><u>56,071,188</u></u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014

(Amount in Rupees)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
NOTE NO. 5		
<u>SHORT TERM BORROWINGS</u>		
Secured Borrowings		
Working Capital Facilities from Bank		
Cash Credit	385,381,789	401,165,355
Bills Discounting	26,908,428	39,955,113
Export Packing Credit	100,000,000	42,747,845
Packing Credit in Foreign Currency	-	132,481
	<u>512,290,217</u>	<u>484,000,794</u>
TOTAL	<u>512,290,217</u>	<u>484,000,794</u>

Note :

The Working Capital Advances from State Bank of India are secured by first charge over the inventories, receivables and other chargeable current assets; second charge over the immovable properties situated at Plot No.117, GIDC Industrial Estate, Kalol, Dist Panchmahal and is further guaranteed by Chairman and Managing Director of the Company.

NOTE NO. 6**TRADE PAYABLES**

For Supplies/Services		
a) Due to Micro, Small and Medium Enterprises	12,349,082	1,434,220
b) Others	497,436,293	363,075,015
	<u>509,785,375</u>	<u>364,509,235</u>
Bills Payable	631,561,927	591,565,030
TOTAL	<u>1,141,347,302</u>	<u>956,074,265</u>

NOTE NO. 7**OTHER CURRENT LIABILITIES**

Interest accrued and due on Borrowings (Secured)	594,005	532,671
Advances received from Customers	21,254,163	14,952,209
Gratuity Contribution	-	13,718,905
Sundry Creditors for Projects	3,122,101	10,678,337
Unpaid Dividend	838,915	698,768
Duties and Taxes	126,653,139	103,401,601
Other Payables	373,812	345,362
TOTAL	<u>152,836,135</u>	<u>144,327,853</u>

NOTE NO. 8**SHORT TERM PROVISIONS**

Provision for Employee Benefits	5,817,449	5,446,317
Proposed Dividend	-	23,630,575
Tax on Proposed Dividend	-	4,016,016
TOTAL	<u>5,817,449</u>	<u>33,092,908</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014
NOTE NO. 9
TANGIBLE FIXED ASSETS
(Amount in Rupees)

Tangible Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.13	Addition during the year	Sales/ Adjust- ment (Cost)	As at 31.03.14	Up to 01.04.13	Provided during the year	Sales/ Adjust- ment	Upto 31.03.14	As at 31.03.14	As at 31.03.13
Land										
Leasehold Land	8,863,581	-	-	8,863,581	464,980	125,860	-	590,840	8,272,741	8,398,601
Free-hold Land	1,335,968	-	-	1,335,968	-	-	-	-	1,335,968	1,335,968
Land Development	2,833,434	-	-	2,833,434	-	-	-	-	2,833,434	2,833,434
Buildings										
Factory Building	49,950,648	402,860	-	50,353,508	20,686,906	1,204,743	-	21,891,649	28,461,859	29,263,742
Other Building	34,154,244	21,422,096*	2,544,152	53,032,188	9,507,942	632,843	607,650	9,533,135	43,499,053	24,646,302
Plant & Machinery	2,029,048,222	72,747,647	3,314,243	2,098,481,626	974,901,546	59,693,147	1,739,069	1,032,855,624	1,065,626,002	1,054,146,676
Furniture & Fittings	18,299,471	426,584	22,300	18,703,755	15,192,438	1,141,098	18,467	16,315,069	2,388,686	3,107,033
Office Equipments	10,638,134	285,210	170,068	10,753,276	4,540,341	506,649	74,949	4,972,041	5,781,235	6,097,793
EDP Equipments	16,164,981	1,911,563	-	18,076,544	10,915,304	1,616,826	-	12,532,130	5,544,414	5,249,677
Vehicles	45,992,413	61,537	1,093,726	44,960,224	17,077,410	3,566,425	958,832	19,685,003	25,275,221	28,915,003
Total	2,217,281,096	97,257,497	7,144,489	2,307,394,104	1,053,286,867	68,487,591	3,398,967	1,118,375,491	1,189,018,613	1,163,994,229
Previous Year	2,167,664,578	104,204,339	54,587,821	2,217,281,096	1,021,010,993	81,659,103	49,383,229	1,053,286,867	1,163,994,229	1,146,653,585

* Includes Rs.1,02,235/- transferred from 'Assets held for Disposal'.

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
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NOTE NO. 10
NON - CURRENT INVESTMENTS
Non Trade Investments (Unquoted)
(At cost)

Investment in Equity Instruments (Unquoted - Fully Paid)

Landmark Premises Co-Operative Services Society Ltd.

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

Investment in Government or Trust Securities

6 Years National Savings Certificate VIIIth Series

TOTAL
2,000

2,000

-

3,000

2,000
5,000
NOTE NO. 11
DEFERRED TAX ASSETS (NET)

Deferred Tax - Assets

On account of Unabsorbed Depreciation

152,318,893

105,556,477

On account of Disallowances u/s 43B

4,654,674

8,799,416

156,973,567

114,355,893

Less : Deferred Tax - Liabilities

on account of difference in Tax &

Book Depreciation

128,826,907

97,533,681

128,826,907

97,533,681

TOTAL
28,146,660
16,822,212

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014

(Amount in Rupees)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
NOTE NO. 12		
<u>LONG - TERM LOANS AND ADVANCES</u>		
Unsecured, Considered Good		
Capital Advances	5,070,000	-
Security Deposits	152,740	819,880
Other Deposits	-	25,700,000
MAT Credit Entitlement	88,455,727	88,455,727
TOTAL	93,678,467	114,975,607
NOTE NO. 13		
<u>INVENTORIES</u>		
Raw Materials	232,539,663	389,085,303
(Including Stock-in-Transit of Rs.9,51,39,008/- P.Y. Rs.18,30,98,307/-)		
Production Materials	25,565,601	30,942,304
General Stores & Spares	41,966,340	46,920,040
Finished goods	1,025,297,242	805,748,301
(Including Stock-in-Transit of Rs.1,93,98,154/- P.Y. Rs.73,33,630/-)		
TOTAL	1,325,368,846	1,272,695,948
Note :		
Raw Materials, Production Materials and General Stores and Spares are valued at cost. Finished Goods are valued at lower of cost or Net Realizable Value.		
NOTE NO. 14		
<u>TRADE RECEIVABLES</u>		
(Unsecured)		
a) Outstanding for more than six months		
Considered Good	1,816,437	1,043,035
Considered Doubtful	2,302,546	2,302,546
	4,118,983	3,345,581
Less : Provision for Doubtful Debts	(2,302,546)	(2,302,546)
	1,816,437	1,043,035
b) Others *		
Considered Good	352,671,155	273,350,058
TOTAL	354,487,592	274,393,093
* Other trade receivables are net of bills discounted with the banks Rs.11,06,86,312/- (Previous year Rs.11,98,45,670/-)		
NOTE NO. 15		
<u>CASH AND CASH EQUIVALENTS</u>		
Balances with Banks		
a) In Current Accounts	2,808,507	6,339,212
b) In Unpaid Dividend Accounts	838,915	698,768
c) In Margin Money Accounts	48,010,484	44,650,829
	51,657,906	51,688,809
Cash on Hand	166,015	139,461
TOTAL	51,823,921	51,828,270

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014

(Amount in Rupees)

Particulars	AS AT 31.03.2014	AS AT 31.03.2013
NOTE NO. 16		
<u>SHORT TERM LOANS AND ADVANCES</u>		
Unsecured, Considered Good		
Advance Income Tax and TDS	96,674,343	92,550,237
Less : Provision for Taxation	<u>88,619,107</u>	<u>88,666,577</u>
	8,055,236	3,883,660
Balance with Excise and Customs Authorities	115,088,120	67,075,290
Advance to Suppliers/Service Providers	7,001,979	13,116,980
Other Loans and Advances	6,868,328	4,380,856
TOTAL	<u>137,013,663</u>	<u>88,456,786</u>
NOTE NO. 17		
<u>OTHER CURRENT ASSETS</u>		
Unsecured, Considered Good		
Assets held for Disposal	3,640,188	4,203,541
Other Current Assets and Receivables	8,519,178	3,162,403
Interest accrued on Margin Money	2,024,017	1,777,528
TOTAL	<u>14,183,383</u>	<u>9,143,472</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014

Particulars	(Amount in Rupees)	
	For the year 2013-2014	For the year 2012-2013
NOTE NO. 18		
REVENUE FROM OPERATIONS		
Sales (Net of Returns)		
a) Domestic Sales	2,718,564,217	2,151,842,374
b) Export Sales	755,426,712	1,389,007,574
	<u>3,473,990,929</u>	<u>3,540,849,948</u>
Less : Excise Duty	<u>297,317,027</u>	<u>232,915,860</u>
	3,176,673,902	3,307,934,088
Income from Job work	54,920,013	53,008,071
(Tax Ded. at Source Rs.9,02,574/- Prev. year Rs.11,69,021/-)		
Export Incentives	37,603,316	47,845,396
TOTAL	<u>3,269,197,231</u>	<u>3,408,787,555</u>
NOTE NO. 19		
OTHER INCOME		
Miscellaneous Sales	2,337,952	7,354,655
Less : Excise Duty	<u>193,173</u>	<u>786,950</u>
	2,144,779	6,567,705
Miscellaneous Income	-	143,888
<u>Interest Income</u>		
a) On L/C Margin	4,070,947	3,672,791
(Tax Ded. at Source Rs.4,06,780/- Prev. year Rs.6,97,655/-)		
b) On Income Tax Refund	-	135,028
c) From Customers	204,416	3,200,124
(Tax Ded. at Source Rs.20,441/- Prev. year Rs.3,26,938/-)		
d) From Others	<u>6,884</u>	<u>3,000</u>
	4,282,247	7,010,943
Profit on sale of Capital Assets	-	9,611,000
Advances Written Back	-	332,590
Advances Forfeited	770,014	-
ECGC Insurance Claim	2,690,043	-
TOTAL	<u>9,887,083</u>	<u>23,666,126</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014

Particulars	(Amount in Rupees)	
	For the year 2013-2014	For the year 2012-2013
NOTE NO. 20		
<u>COST OF MATERIALS CONSUMED</u>		
Raw Materials Consumed		
Opening Stock of Raw Materials	389,085,303	399,797,598
Add : Purchases	2,250,128,429	2,115,942,929
Less : Closing Stock of Raw Materials	<u>232,539,663</u>	<u>389,085,303</u>
TOTAL	<u>2,406,674,069</u>	<u>2,126,655,224</u>
Details of Major Raw Material Consumption		
Scrap	1,142,565,024	731,023,070
Nickel	739,217,855	862,540,749
Ferro Chrome	243,550,556	269,776,300
Others	<u>281,340,634</u>	<u>263,315,105</u>
	<u>2,406,674,069</u>	<u>2,126,655,224</u>
NOTE NO. 21		
<u>MANUFACTURING EXPENSES</u>		
Consumption of Production Materials, General Stores and Spares	211,261,387	210,229,756
Power and Fuel	448,496,391	411,264,753
<u>Repairs and Maintenance :</u>		
Buildings	919,367	422,502
Plant & Machineries	10,739,706	11,793,167
Other Manufacturing Expenses	5,874,592	7,839,620
Excise Duty - Finished Goods Closing Stock	22,542,063	(11,531,281)
TOTAL	<u>699,833,506</u>	<u>630,018,517</u>
NOTE NO. 22		
<u>CHANGE IN INVENTORY OF FINISHED GOODS</u>		
Opening Stock	805,748,301	952,081,695
Less : Closing Stock	1,025,297,242	805,748,301
TOTAL	<u>(219,548,941)</u>	<u>146,333,394</u>
NOTE NO. 23		
<u>EMPLOYEE BENEFITS EXPENSES</u>		
Directors Remuneration	18,796,476	19,508,064
Salaries, Wages and Bonus	112,896,618	116,495,015
Contribution to Provident and other Funds	12,927,540	13,254,688
Staff Welfare Expenses	2,308,639	3,021,028
TOTAL	<u>146,929,273</u>	<u>152,278,795</u>

NOTES FORMING PART TO THE FINANCIAL STATEMENTS AS AT 31ST MARCH, 2014

Particulars	(Amount in Rupees)	
	For the year 2013-2014	For the year 2012-2013
NOTE NO. 24		
FINANCE COSTS		
Interest on Debentures and Term Debts	3,995,457	19,791
Interest on Working Capital	51,838,610	49,825,920
Interest on Other Loans	2,495,676	6,105,830
Bank Charges	35,059,689	37,481,788
TOTAL	93,389,432	93,433,329
NOTE NO. 25		
OTHER EXPENSES		
I. Administrative and General Expenses		
Travelling and Conveyance	4,520,817	4,694,588
Printing and Stationery	895,035	925,092
Communication Cost	2,625,153	3,192,156
Vehicle Expenses	4,183,520	3,622,430
<u>Statutory Auditor's Remuneration</u>		
a) As Auditor	565,000	565,000
b) For Tax Audit Fees	100,000	100,000
c) For Taxation Matters	65,000	65,000
d) For Other Services	37,750	1,500
e) For Reimbursement of Expenses	20,829	21,694
	788,579	753,194
<u>Cost Auditor's Remuneration</u>		
a) As Auditor	150,000	150,000
b) For Other Services	10,000	10,000
c) For Reimbursement of Expenses	14,860	17,430
	174,860	177,430
Repairs and Maintenance to Other Assets	2,597,727	2,703,574
Legal and Professional Charges	3,436,550	4,197,298
Directors Sitting Fees	270,000	290,000
Insurance Charges	880,258	886,590
Rent, Rates and Taxes	5,788,976	4,188,985
Foreign Exchange Variation	53,864,317	37,806,609
Miscellaneous Expenses	3,265,864	3,322,178
Charities & Donation	100,000	-
Loss on Sale/ Disposal of Capital Assets	495,282	-
Advance Written Off	650,000	-
TOTAL (I)	84,536,938	66,760,124
II. Selling Expenses		
Carriage Outward	34,754,335	59,111,401
Commission on Sales	4,178,807	11,090,543
Discount and Claims	561,417	4,729,024
Marine and ECGC Insurance	1,619,934	2,540,848
Other Selling Expenses	2,743,673	3,059,056
Bad Debts	543,503	2,139,122
TOTAL (II)	44,401,669	82,669,994
TOTAL (I + II)	128,938,607	149,430,118

NOTE NO. 1**SIGNIFICANT ACCOUNTING POLICIES AND ACCOMPANYING NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014.****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 the Companies Act, 1956. 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 :
 1. Depreciation has been calculated for the year on all other fixed assets of the Company on Straight Line Method at the rates and method as specified in Schedule XIV to the Companies Act, 1956.
 2. In respect of additions to/deletions from the Fixed Assets, on pro rata basis with reference to the date of addition/ deletion of the Assets.

iii) Expenditure during Implementation of Projects :

- In case of new projects and substantial Modernization/ Expansion at existing units of the Company, all relative Pre-operative expenditure and initial spares acquired with machines for the purpose are capitalized upto the date of installation to the cost of fixed assets.
- Interest on specific borrowing incurred for the purpose of acquisition of fixed assets are dealt in line with Accounting Standard (AS-16) relating to borrowing cost.

iv) Capital Work-in-Progress :

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

c) Investments :

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

d) Inventories :

- i) Raw materials, Production materials, Stores and Spares are valued at cost using weighted average method. The cost includes freight inward, direct expenses and other cost incurred in bringing the inventories to their present location and condition.
- ii) Finished goods are valued at lower of cost or net realizable value. Cost includes raw-materials cost, production materials cost, related overheads and excise duty.

e) Revenue Recognition :

- i) Domestic Sales are recognized on dispatch of goods, and inclusive of excise duty but are net of sales return and VAT (Sales Tax).
- ii) Export Sales are accounted on the date of bill of lading.
- iii) Consignment Sales are recognized as sales only on goods sold by the consignee.
- iv) Export Benefits/Incentives are recognized as income in the year of exports.
- v) Revenue from job work is recognized on completion of the job.
- vi) Interest income is recognized on time proportion basis except those with significant uncertainty are recognized on realization basis.

f) Employee Benefits :

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

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

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

g) Borrowing Costs :

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

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

h) Foreign Currency Transactions :

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

All foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet and resultant exchange differences are recognized in the profit and loss account for the year.

i) Taxation :

Tax expenses comprise Current Tax and Deferred tax.

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

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

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

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

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

j) Impairment of Assets :

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

k) Earnings per share :

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

l) Provisions, Contingent Liabilities and Contingent Assets :

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

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

The Company has amounts due to suppliers under MSMED as at 31st March, 2014. The disclosure pursuant to the said Act is as under:

	Amount - Rupees	
	31.03.2014	31.03.2013
Delayed Payment Due - Principal amount	289,018	107,521
- Interest on above	3,434	1,880
Interest paid	Nil	Nil
Interest due on Principal amount paid beyond due date during the year	92,092	65,108
Total Interest due but not paid	95,526	66,988

The information has been given in respect of such vendors to the extent they could be identified as 'micro, small and medium enterprises' on the basis of information available with the company.

3) Managerial Remuneration :

	Amount - Rupees	
	31.03.2014	31.03.2013
I. Directors Sitting Fee	2,70,000	2,90,000
II. Other Remuneration :		
Salaries and Allowances	151,80,000	151,80,000
Commission	Nil	Nil
Company Contribution to Provident & Superannuation Funds	17,91,000	17,91,000
Other Perquisites (Valued as per Income Tax Rules)	28,35,852	28,54,434
Less : Recovery for earlier year	(6,93,006)	-
Sub Total (II)	191,13,846	198,25,434
Total (I+II)	193,83,846	201,15,434

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

4) Retirement Benefits :

The table of retirement benefits as on 31st March, 2014 is as below.

	Amount - Rupees	
Financial Year :	2013-14	2012-13
I. Amounts to be recognized in Balance Sheet		
Present value of Funded Obligations	8,09,91,632	7,63,30,491
Fair value of Plan Assets	8,11,04,738	6,76,53,120
Amounts in the Balance Sheet :		
Liabilities	8,09,91,632	7,63,30,491
Assets	8,11,04,738	6,76,53,120
Net Liability/(Asset)	* (1,13,106)	(86,77,371)
II. Expenses Recognized in Income Statement		
Current Service Cost	48,93,378	50,71,428
Interest on obligation	61,06,439	60,31,536
Expected Return on Plan Assets	(62,25,313)	(51,29,208)
Net Actuarial Losses (Gains) recognized in the year	(7,71,601)	(59,43,868)
Expense to be charged in P & L	* 40,02,903	29,888

Amount - Rupees

III. Table Showing Change in Benefit Obligation		
Opening Defined Benefit Obligation	7,63,30,491	7,53,94,195
Service Cost for The Year	48,93,378	50,71,428
Interest Cost for The Year	61,06,439	60,31,536
Actuarial Losses (Gains)	(7,71,601)	(59,43,868)
Benefits paid	55,67,075	42,22,800
Closing Defined Benefits Obligation	8,09,91,632	7,63,30,491
IV. Tables of Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	6,76,53,120	5,01,75,290
Expected return	62,25,313	51,29,208
Actuarial Gains and (Losses) :		
Contributions by employer	1,27,93,380	1,65,71,422
Benefits paid	55,67,075	42,22,800
Closing Balance of Fund	8,11,04,738	6,76,53,120
V. Principal Actuarial Valuation		
Discount rate as on date	8.00%	8.50%
Expected increase in Annual Salary Costs	7.00%	7.00%
Actual Return on Plan Assets for the year	8.75%	9.30%

*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.

5) Contingent Liabilities & Commitments not provided for :

Amount - Rupees

	31.03.2014	31.03.2013
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	274,70,561	174,07,526
b) Letter of Credits Outstanding	1730,49,630	1873,33,632
c) Claims against Company not acknowledged as Debts	185,82,336	185,82,336
d) Disputed Excise, Custom, Service Tax and Gujarat VAT Liabilities	136,45,993	135,20,290
e) Disputed Income Tax Liabilities	148,76,029	148,76,029
f) Guarantee given to MGVCL by Company's Banker	425,79,785	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.

- 6) 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.
- 7) Balances of the most of the Debtors, Creditors and Loans of the Company are confirmed periodically.

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

- | | | |
|------------------------------|---|---|
| i) Associate Companies | : | AMIL Enterprises Private Limited |
| | : | Honeyvick Enterprises Private Limited |
| ii) Key Management Personnel | : | Mr. Ashok Malhotra - Chairman & Managing Director |
| | : | Mr. Hanish Malhotra - Director (Marketing) |
| | : | Mr. Pradeep Sharma - Director (Operations) |

B. Related Party /Key Management Personnel Transactions

- | | | |
|------------------------------|---|--------------------------------|
| i) Associate | | |
| Deposit received | : | Rs. 230,00,000 (Rs.320,00,000) |
| Deposit paid | : | Rs. 230,00,000 (Rs.320,00,000) |
| Interest | : | Rs. 19,39,967 (Rs. 20,50,684) |
| ii) Key Management Personnel | | |
| Gross Remuneration | : | Rs. 191,13,846 (Rs.198,25,434) |

Note : Figures in the brackets are for previous year.

9) Segment Disclosures :

The Company is engaged in a single segment of manufacture and marketing of "Steel Products " in accordance with Accounting Standards (AS - 17).

10) 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 Arrangement 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 Companies Act, 1956 before the Hon`ble High Court of Gujarat, seeking directions for Arcil to issue no due certificate to the company.

11) Details of Earnings Per Share :

		Unit	Year ended 31.03.2014	Year ended 31.03.2013
a	Amount Used as Numerator {(-) Loss/Profit after Taxes}	Rupees	(182,48,417)	375,07,031
b	Weighted average number of Equity Shares used as the denominator (Basic)	Nos.	189,91,395	189,04,460
c	Weighted average number of Equity Shares used as the denominator (Diluted)	Nos.	189,91,395	189,04,460
d	Nominal Value Per Share	Rupees	10.00	10.00
e	Earnings per Share (Basic)	Rupees	(0.961)	1.984
f	Earnings per Share (Diluted)	Rupees	(0.961)	1.984

12) (a) Registered/Installed Capacity :

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

(b) Production, Sales and Stocks :

Class of Goods	Opening Stock		Production	Sale		Closing Stock	
	Qty.(M.T.)	Rupees	Qty.(M.T.)	Qty.(M.T.)	Rupees	Qty.(M.T.)	Rupees
Steel Billets	2832 (1658)	385408000 (243634439)	24156 (22771)	0 (0)	0 (0)	3433 (2832)	500357533 (385408000)
Bars, Rods, Coils & Wires	2648 (4427)	420340301 (708447256)	25782* (23883)	20784 (20830)	3473990929 (3540849948)	3330 (2648)	524939709 (420340301)

* Include Job work production 3,175 M.T. (Previous Year 3,184 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 2013-2014		Year 2012-2013	
	Value (in Rs.)	%	Value (in Rs.)	%
Raw Materials :				
Imported	170,72,75,548	70.94	137,91,95,210	64.85
Indigenous	69,93,98,521	29.06	74,74,60,014	35.15
Total	240,66,74,069	100.00	212,66,55,224	100.00
Production Materials & Stores & Spares :				
Imported	6,54,37,839	30.97	7,20,32,981	34.26
Indigenous	14,58,23,548	69.03	13,81,96,776	65.74
Total	21,12,61,387	100.00	21,02,29,757	100.00

(d) Expenditure in Foreign Currency :

(Rupees)

	Year 2013-14	Year 2012-13
<u>C.I.F. Value of Imports :</u>		
Raw Materials	160,78,70,220	124,71,43,216
Production Materials and Stores & Spares	5,75,51,989	547,01,807
Capital Equipments	21,71,410	26,76,128
<u>Other Expenditure :</u>		
On Foreign Travels	17,89,580	13,72,646
Foreign Bank Charges	10,24,515	14,32,510
On Professional Fees, Subscription & Books etc.	3,60,130	3,02,268
Commission on Export Sales	37,19,989	1,05,98,558
Discounts & Claims	1,33,718	41,94,322
On Foreign Exhibitions	19,92,478	6,38,630

(e) Foreign Exchange Earned :

FOB Value of Exports	73,26,00,578	136,09,58,665
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13) Previous year's figures have been recast/ regrouped/reclassified wherever necessary to correspond with current year's classification/disclosures.

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

Ashok Malhotra
Chairman and Managing Director

Hanish Malhotra
Director (Marketing)

Kalpesh Parmar
Partner
Membership No.103887
Vadodara, 29th May, 2014

Pradip H. Gupta
Vice President (Finance)

Deepak Nagar
GM (Legal) & Company Secretary

Vadodara, 29th May, 2014



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

ATTENDANCE SLIP - 41st Annual General Meeting

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

DP Id*		Folio No.	
Client Id*		No. of Shares	

Name and Address of the Shareholder : _____

I hereby record my presence at the 41st Annual General Meeting of the Company held on Tuesday, 30th September, 2014 at 10.00 a.m. at the Registered Office of the Company.

Signature of Shareholder/Proxy



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

FORM OF PROXY

Name of the Member (s) : _____

Registered Address : _____

E-mail ID : _____

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

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

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

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41st Annual General Meeting of the Company, to be held on Tuesday, the 30th September, 2014 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
	Ordinary Business :		
1	Adoption of Audited Financial Statements for the year ended 31st March, 2014.		
2	Re-appointment of Mr. Ashok Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.		
3	Re-appointment of M/s JRS Patel & Co., Chartered Accountants as Statutory Auditors of the Company.		

Sr. No.	Resolutions	Optional*	
		For	Against
	Special Business:		
4	Appointment of Mr. Nilesh Mehta as an Independent Director of the Company		
5	Appointment of Mr. Amal Dhru as an Independent Director of the Company		
6	Appointment of Mr. Mohanraj M. Singhi as an Independent Director of the Company.		
7	Appointment of Mr. Milan Shah as an Independent Director of the Company.		
8	Powers to borrow money in excess of paid up capital and free reserves of the Company.		
9	Powers to create mortgage and/or charge on the immovable and movable properties of the Company in favour of the lenders to secure the financial assistance.		
10	Re-appointment of Mr. Pradeep Sharma as Director (Operations) of the Company.		
11	Approval of Remuneration of Cost Auditors for the financial year 2014-15.		

Affix 1
Rupee
Revenue
Stamp

Signed this _____ day of _____, 2014

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 83rd 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



Corporate Office:

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

Regd. Office:

GIDC Estate, Kalol - 389 330
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