

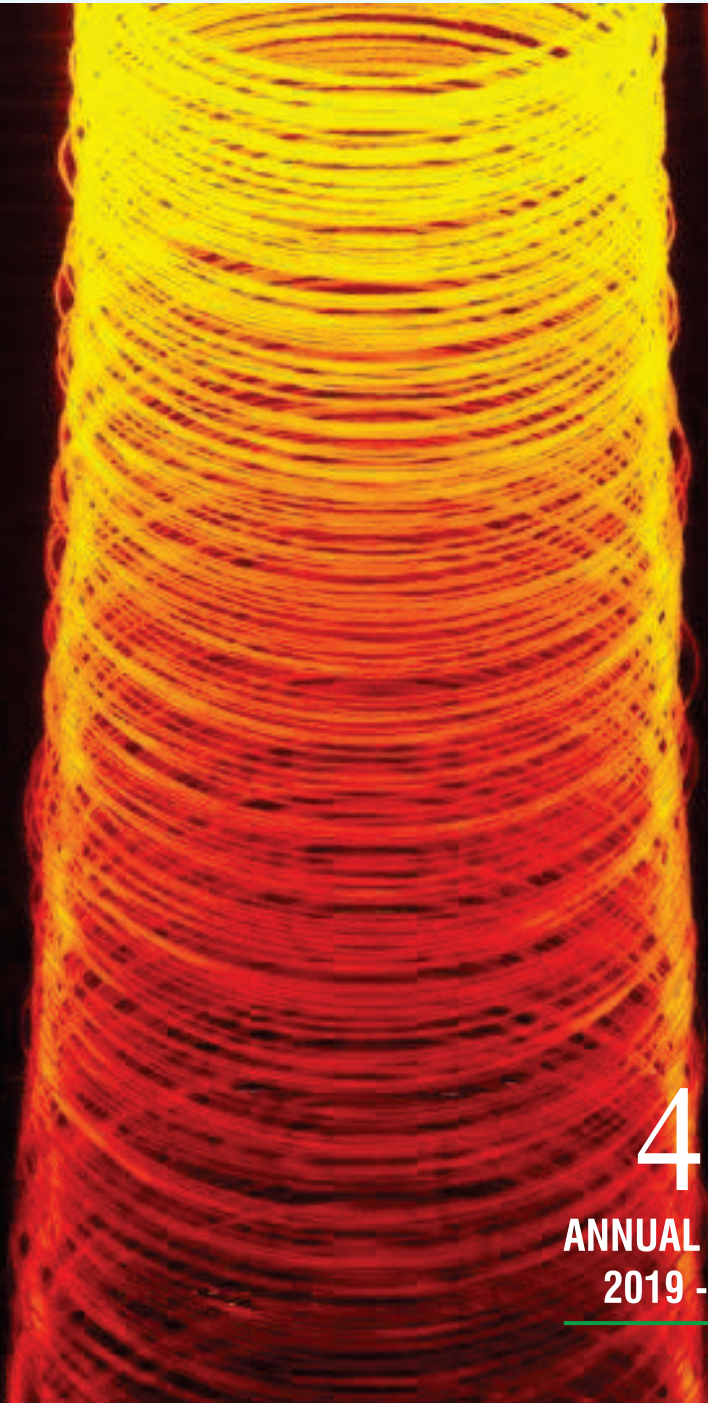


Panchmahal
Steel Limited

Giving Edge to your Business

Stainless Steel

WIRE ROD • BARS • WIRES



47th

ANNUAL REPORT
2019 - 2020

| | | |
|---------------------------------------|--|--|
| BOARD OF DIRECTORS | : Mr. Ashok Malhotra Mr. Amal Dhru Mr. Milan Shah Mr. Samir Parikh Ms. Suchita Shah Mr. Kalpesh Parmar (w.e.f. 14-02-2020) | - Chairman & Managing Director - Independent Director - Independent Director - Independent Director - Director - Director |
| COMPANY SECRETARY | : Mr. Deepak Nagar | |
| STATUTORY AUDITORS | : M/s CNK & Associates, LLP Chartered Accountants Vadodara. | |
| BANKERS | : State Bank of India | |
| REGISTERED OFFICE | : GIDC Industrial Estate, Kalol - 389 330 Dist. Panchmahals, Gujarat. Phone : +91 2676 230777 Fax : +91 2676 230889 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, Above Chhapanbhog Sweet, Alkapuri, Vadodara-390 007. Tel Nos.: 0265-2314757, 2350490, Fax No.: 0265-2341639 E-mail : mcsLtdbaroda@gmail.com | |

**47th Annual General Meeting to be held on
Wednesday, the 30th September, 2020 at
11.00 a.m. through Video Conferencing ("VC") /
Other Audio Visual Means ("OAVM")**

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NOTICE

Notice is hereby given that the 47th Annual General Meeting of the Members of Panchmahal Steel Limited will be held on Wednesday, the 30th day of September, 2020 at 11.00 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Reports of Board of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Ms. Suchita Shah (DIN: 00427169), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

3. **Appointment of Mr. Kalpesh J. Parmar as Non-Executive Non-Independent Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 161 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Mr. Kalpesh J. Parmar (DIN : 00230588), who was appointed as an Additional Director of the Company with effect from 14th February, 2020 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under Section 160 of the Companies Act, 2013, as amended, has been received in the prescribed manner, be and is hereby appointed as a Director of the Company liable to retire by rotation."

4. **Ratification of remuneration to Cost Auditor of the Company.**

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 other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and as per the recommendation of the Audit Committee of the Board of Directors, the remuneration of Rs.1,50,000/- and reimbursement of travelling and other out of pocket expenses plus taxes as applicable, to be paid to M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No. 00025) for conducting the audit of cost records of the Company for the financial year ending March 31, 2021, as approved by the Board of Directors of the Company, be and is hereby ratified.

RESOLVED FURTHER that the Board of Directors of the Company (including its Committees thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary to give effect to this resolution."

Regd. Office :

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

Vadodara, 31st August, 2020

By order of the Board of Directors

Deepak Nagar
GM (Legal) & Company Secretary

NOTES:

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 47th Annual General Meeting of the Company will be held through Video Conferencing (VC). The deemed venue of the 47th AGM shall be the Registered Office of the Company.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company.
Since this AGM is being held through VC / OAVM, pursuant to MCA Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. Hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
However, Institutional / Corporate Shareholders are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. In compliance with the aforesaid MCA Circulars and SEBI Circular No. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated 12th May, 2020, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website www.panchmahalsteel.co.in, website of stock exchanges i.e. BSE Limited at www.bseindia.com and on the website of Central Depository Services Limited at www.evotingindia.com.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to special business to be transacted at the AGM is annexed hereto.
6. Details under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in terms of Secretarial Standard - 2 in respect of the Directors seeking appointment/re-appointment at the 47th AGM are annexed hereto as Annexure - A to the Notice which forms part of the Explanatory Statement.
7. All documents referred to in the Notice will be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 30th September, 2020. Members seeking to inspect such documents can send an email to shares@panchmahalsteel.co.in.
8. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 ("Act") and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM.
9. Pursuant to Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and the Share Transfer books of the Company will remain closed from Wednesday, 23rd September, 2020 to Wednesday, 30th September, 2020 (both days inclusive) for the purpose of 47th AGM of the Company.
10. **Cut-off Date:** The Company has fixed **Wednesday, 23rd September, 2020** as the Cut-off Date for remote e-voting. The remote e-voting/voting rights of the shareholders/beneficial owners shall be reckoned on the equity shares held by them as at close of business hours on the Cut-off Date i.e. Wednesday, 23rd September, 2020 only. A person who is not a Member as on the Cut-off Date should treat this Notice for information purposes only.

Any Person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2020, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com or Share Transfer Agent's Email Id at mcsbaroda@gmail.com.

11. Transfer of Unclaimed/Unpaid Dividend and Shares to IEPF Authority:

A. Pursuant to applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules"), (including any statutory modification(s) and or re-enactment(s) thereof for the time being in force), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF Authority established by the Central Government, after completion of 7 (seven) years. Further, according to the said IEPF Rules, shares in respect of which dividend has not been claimed by the shareholders for 7 (seven) consecutive years or more shall also be transferred to the demat account of the IEPF Authority.

B. During the financial year 2019-20, the Company has transferred to the IEPF Authority, the following unclaimed dividend and corresponding equity shares thereto:

| Particulars | Amount of Dividend (Rs.) | No. of Shares |
|---|--------------------------|---------------|
| Dividend for the financial year 2011-12 | 2,56,904/- | 10,820 |

C. The dividend amount and shares transferred to the IEPF can be claimed by the concerned members from the IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The details of the unclaimed dividends are also available on the Company's website at www.panchmahalsteel.co.in and the said details have also been uploaded on the website of the IEPF Authority and the same can be accessed through the Link (www.iepf.gov.in).

Pursuant to the aforesaid provisions, unclaimed dividend of Shareholders for FY 2012-13 lying in the unclaimed dividend account of the Company will be due for transfer to IEPF on the the due date i.e. September 4, 2020. Further, the shares (excluding the disputed cases having specific orders of the Court, Tribunal or any Statutory Authority restraining such transfer) pertaining to which dividend remains unclaimed for a consecutive period of seven years from the date of transfer of the dividend to the unpaid dividend account is also mandatorily required to be transferred to the IEPF Authority established by the Central Government.

Adhering to the various requirements set out in the Rules, the Company has vide its letter dtd. June 10, 2020 communicated individually, the concerned shareholders whose shares are liable to be transferred to IEPF Authority during the financial year 2020-21 for taking appropriate action. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website at www.panchmahalsteel.co.in.

Therefore, members are requested to claim their unpaid dividend pertaining to the financial year 2012-13 as soon as possible, so that shares in respect of which the dividend is pending are not transferred to the Demat Account of IEPF authority at appropriate date.

12. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, MCS Share Transfer Agents Limited ("MCS") for assistance in this regard.
13. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney,

bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to M/s MCS Share Transfer Agent Limited (RTA) in case the shares are held by them in physical form.

14. 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.
15. Members desirous of making a nomination in respect of their shareholding, as permitted under Section 72 of the Companies Act, 2013, are requested to submit the prescribed Form SH-13 (Nomination Form) & SH-14 (Cancellation or Variation of Nomination) accordingly to the Company or to the office of the Registrar & Share Transfer Agent.
16. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their respective Depository Participants in case the shares are held by them in electronic form and with our RTA, namely, M/s MCS Share Transfer Agent Limited in case the shares are held by them in physical form.

17. INFORMATION AND OTHER INSTRUCTIONS RELATING TO E-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Secretarial Standard-2 issued by the Institute of Company Secretaries of India, as amended from time to time, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. The Company has engaged the services of Central Depository Services Limited ("CDSL") as the Agency to provide e-voting facility. The facility of casting votes by a Member using remote e-voting system as well as e-voting on the date of the AGM will be provided by CDSL.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on **Sunday, the 27th September, 2020 (9.00 a.m. IST)** and ends on **Tuesday, the 29th September, 2020 (5.00 p.m. IST)**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of **23rd September, 2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to

CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form | |
|--|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to write to shares@panchmahalsteel.co.in to obtain the sequence number which shall be mentioned in the PAN field. |
| Date of Birth OR Dividend Bank Details | Enter the Date of Birth as registered with DP/RTA in dd/mm/yyyy format Enter the Dividend Bank details as recorded with your DP/RTA. <u>Please note</u> - If both the details are not recorded with DP/RTA, then enter the Member ID/Folio Number in the Dividend Bank details field as mentioned in instruction (iv) above. |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will thendirectly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN i.e. 200831053 of the Company "PANCHMAHAL STEEL LIMITED" on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

(xx) Note for Non-Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Alternatively, Non-Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; csneerajtrivedi@gmail.com and shares@panchmahalsteel.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

(xxi) If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, 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 or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical Shareholders- Please provide necessary details like Folio No., Name of shareholder, Scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to our RTA namely, MCS Share Transfer Agent Limited on their email id : mcsltbaroda@gmail.com.

2. For Demat Shareholders- Please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, Client Master or Copy of Consolidated Account Statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to our RTA namely, MCS Share Transfer Agent Limited on their email id : mcsltdbaroda@gmail.com.
3. The RTA shall co-ordinate with CDSL and provide the login credentials to the abovementioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
2. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
3. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
4. Further shareholders will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance between **Saturday, 12th September, 2020 to Saturday, 19th September, 2020** mentioning their name, demat account number/folio number, email id, mobile number at shares@panchmahalsteel.co.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance between the above mentioned dates, mentioning their name, demat account number/folio number, email id, mobile number at shares@panchmahalsteel.co.in. These queries will be replied to by the company suitably.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

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 **23rd September, 2020**.
- ii. Mr. Niraj Trivedi, Practicing Company Secretary (Membership No. 3844 and CP No. 3123) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- iii. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the vote cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witness not in employment of the Company and shall make within forty eight hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

- iv. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.panchmahalsteel.co.in and on the website of CDSL immediately after declaration of results by the Chairman or a person authorized by him in writing. The results shall also be uploaded on the BSE Listing Portal.

The Resolutions shall be deemed to be passed on the date of Annual General Meeting of the Company, subject to the same being passed with requisite majority.

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, 31st August, 2020

EXPLANATORY STATEMENT

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

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 3 & 4 of the accompanying Notice:

Item No. 3:

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") and the Articles of Association of the Company, had appointed Shri Kalpesh J. Parmar (DIN: 00230588) as an Additional Director of the Company with effect from February 14, 2020 and shall hold office up to the date of this meeting.

Shri Kalpesh J. Parmar is not disqualified from being appointed as a director in terms of Section 164 of the Act and has given his consent to act as a director.

The information as required in terms of Regulation 26(4) and 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') and Clause 1.2.5 of Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India of Mr. Kalpesh J. Parmar is annexed to this Notice. He shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings within the limits stipulated under Section 197 of the Act.

Shri Kalpesh J. Parmar is interested in the resolution set out at Item No. 3 of the Notice with regard to his appointment. Relatives of Shri Kalpesh J. Parmar may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

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

This statement may also be regarded as an appropriate disclosure under the Act and the Listing Regulations.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the members.

Item No. 4:

The Board at its meeting held on 30th June, 2020, on the recommendation of the Audit Committee, has approved the appointment & remuneration of M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad (Firm Registration No. 00025) to conduct the audit of the Cost Records of the Company for the financial year 2020-21.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year 2020-21 as set out in the resolution for aforesaid services to be rendered by him.

The Board of Directors recommends passing of ordinary resolution as set out at Item No. 4 of this Notice.

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

Regd. Office :

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

By order of the Board of Directors

Deepak Nagar
GM (Legal) & Company Secretary

Vadodara, 31st August, 2020

ANNEXURE - A**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE AGM**

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

| | | |
|---|--|--|
| Name of the Director | Ms. Suchita Shah | Mr. Kalpesh J. Parmar |
| Designation | Non-Executive Non-Independent Director | Non-Executive Non-Independent Director |
| DIN | 00427169 | 00230588 |
| Date of Birth & Age | 22.12.1952 (67 years) | 08.11.1971 (49 years) |
| Date of first appointment on the Board | 31.03.2015 | 14.02.2020 |
| Educational Qualification | BA | B.Com., FCA |
| Experience & Expertise | <p>Ms. Suchita Shah has more than 35 years of experience in the field of administration, corporate and social affairs.</p> <p>She has been associated with the Company since 1994 and had served in the Company holding senior management positions.</p> | <p>Mr. Kalpesh J. Parmar is having a professional experience of over 20 years.</p> <p>He is one of the lead partner of M/s JHS & Associates, LLP, Chartered Accountants, Vadodara and has rich experience across range of service domains including Assurance, Taxation, Governance, Risk Consulting, Outsourced Accounting, Profit Improvement and Foreign Exchange Management.</p> |
| Number of Meetings of the Board attended during the year. | 3 out of 4 | -- |
| List of Directorship/ Membership / Chairmanship of Committees of other Companies. | <p>Directorship</p> <p>-Honeyvick Enterprises (P) Ltd.</p> | <p>Directorship</p> <p>- Honeyvick Enterprises (P) Ltd</p> |
| Shareholding in the Company as at 31.03.2020. | 1,900 Equity Shares | Nil |
| Relationship with other directors, manager and other Key Managerial Personnel of the Company. | None | None |

DIRECTORS' REPORT

To,

The Members

Your Company's Directors are pleased to present the 47th Annual Report of the Company together with the Statement of Audited Accounts for the financial year ended 31st March, 2020.

FINANCIAL RESULTS

(Rs. in Lacs)

| Particulars | Year ended 31.03.2020 | Year ended 31.03.2019 |
|--|--------------------------|--------------------------|
| Revenue from Operations | 33047.41 | 45305.27 |
| Operating Expenses | 32657.01 | 43019.24 |
| Operating Profit before Interest, Tax, Depreciation & Amortization | 390.40 | 2286.03 |
| Depreciation & Amortization Expense | 762.86 | 763.57 |
| Finance Costs | 1349.70 | 1361.79 |
| Other Income | 202.78 | 219.29 |
| Profit/(Loss) before Exceptional & Extraordinary Items and Tax | (1519.38) | 379.96 |
| Exceptional & Extraordinary Items | - | - |
| Profit/(Loss) before Tax | (1519.38) | 379.96 |
| Tax Expense (including Deferred Tax) | 1701.85 | 124.11 |
| Profit/(Loss) for the year from Continuing Operations | (3221.23) | 255.85 |
| Other Comprehensive Income | 44.36 | - |
| Total Comprehensive Income for the year | (3176.87) | 255.85 |

TRANSFER TO RESERVES

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

STATE OF COMPANY AFFAIRS / REVIEW OF OPERATIONS

The total revenue (including other income) of the Company during the year was Rs.332.50 crores as compared to Rs.455.25 crores in the previous year. The Company has incurred Loss before Tax of Rs.15.19 crores for the year under review (previous year Profit before Tax of Rs.3.80 crores). However, the Company has incurred Total Comprehensive Loss of Rs.31.77 crores for the year under review due to Deferred Tax & MAT adjustment of Rs.17.01 crores.

The year has been a challenging for most businesses across the globe. The stainless-steel industry faced a number of challenges due to slowdown in economic growth amidst global muted demand, geopolitical tensions and falling steel prices. These macroeconomic headwinds and operational challenges have adversely affected the contours of the business environment in which we operate. Further, the outbreak of COVID-19 pandemic created an unprecedented socio-economic disruption across the globe. Uncertainty continues to prevail in the COVID-19 environment.

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

DIVIDEND

The Directors do not recommend any dividend for the year ended 31st March, 2020.

SHARE CAPITAL

The paid-up Equity Share Capital of your Company as on March 31, 2020 was Rs.19.08 crores. The Company has not issued shares with differential voting rights/Bonus Shares nor has granted stock options/sweat equity and has not bought back any of its securities during the year under review.

FIXED DEPOSITS

The Company has not accepted or renewed any deposits during the year. There are no outstanding deposits as at 31st March, 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- a) in preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the profit of the Company for the year ended on that date;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a 'going concern' basis;
- e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE REPORT AND MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

The Company has implemented procedures and adopted practices in conformity with the Code of Corporate Governance as stipulated under Regulation 34 read with Schedule V(C) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Company has implemented Code of Conduct for all its Executive Directors and Senior Management Personnel, Non-Executive Non-Independent and Independent Directors, who have affirmed compliance thereto. The said Code of Conduct has been posted on the website of the Company.

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

CORPORATE SOCIAL RESPONSIBILITY

The provisions as prescribed under Section 135 of the Companies Act, 2013 with regard to corporate social responsibility along with Rules made thereunder are not applicable to the Company. The Corporate Social Responsibility Policy and the Committee shall be framed and constituted as and when required.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Your Company has not directly or indirectly:

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

RELATED PARTY TRANSACTIONS

The Company has formulated a policy on Related Party Transactions for the purpose of identification and monitoring of such transactions. The said Policy on Related Party Transactions as approved by the Board is uploaded on the Company's web-site.

There were no related party transactions entered into by the Company during the financial year, which attracted the provisions of Section 188 of Companies Act, 2013.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Appointment

Based on recommendation of Nomination and Remuneration Committee, Mr. Kalpesh J. Parmar was appointed as an Additional Director (Non-Executive Non-Independent) by the Board of Directors effective from February 14, 2020 subject to approval of Members at ensuing Annual General Meeting. A resolution seeking appointment of Mr. Kalpesh J. Parmar as Director is provided at item no. 3 of notice of the 47th AGM of the Company. Members are requested to consider and approve his appointment.

Cessation

During the year Mr. Pradeep Sharma, Director (Operations), resigned from the services and as Director of the Company with effect from 13th November, 2019.

Your Directors wish to place on record their appreciation for his service and valuable contribution made during his long association with the Company.

Re-appointments

Mr. Amal D. Dhru and Mr. Milan P. Shah were re-appointed as Independent Directors at the forty-sixth Annual General Meeting (AGM) held on September, 28, 2019 for a period of five years from the conclusion of 46th AGM and upto the conclusion of the 51st AGM of the Company in the calendar year 2024. Mr. Samir M. Parikh was also re-appointed as an Independent Director in the said AGM for a period of 5 years w.e.f. 4th February, 2019 to 3rd February, 2024.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013 and Rules made thereunder, Ms. Suchita Shah retires by rotation at the forthcoming Annual General Meeting and being eligible offer herself for re-appointment. The Board recommends her re-appointment.

Declaration by Independent Directors

The Company has received necessary declaration from each of the Independent Directors under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (B) & Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In terms of the Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have enrolled themselves on the Independent Directors Databank.

Performance Evaluation

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

Familiarization Program for Independent Directors

All Independent Directors are familiarized with your Company, their roles, rights and responsibilities in your Company, nature of the industry in which your Company operates, business model, strategy, operations and functions of your Company through its Executive Directors and Senior Managerial Personnel.

In compliance with the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has put in place a familiarization program for Independent Directors. The details of familiarization program are explained in the Corporate Governance Report.

Remuneration Policy

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

Number of Meetings of the Board and its committees

During the year under review, 4 (four) meetings of the Board of Directors of the Company were convened and held. The detailed information on the meeting of the Board and its various Meetings are included in the Corporate Governance Report forming part of this report. The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Committees of the Board

The Board of Directors has the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Stakeholders' Relationship Committee

The details of the Committees along with their composition, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

Key Management Personnel

Pursuant to the provisions of Section 2(51) and Section 203 of the Companies Act, 2013 read with Rules framed thereunder, the following persons have been designated as Key Management Personnel of the Company:

1. Mr. Ashok Malhotra, Chairman & Managing Director
2. Mr. Pradip Gupta, Chief Financial Officer (Retired on 31st December, 2019)
3. Mr. Nilesh Shah, Chief Financial Officer (appointed as CFO w.e.f. 30th June, 2020)
4. Mr. Deepak Nagar, GM (Legal) & Company Secretary.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

At the 46th AGM held on September 28, 2019, the Members approved the appointment of M/s CNK & Associates LLP, Chartered Accountants (Firm Registration No. 101961W) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM until the conclusion of the 51st AGM of the Company. In terms of the provisions relating to statutory auditors forming part of the Companies Amendment Act, 2017, notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no more a legal requirement. Accordingly, the Notice convening the ensuing AGM does not carry any resolution on ratification of appointment of Statutory Auditors.

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

No fraud has been reported by the Auditor under section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report.

Internal Auditors

During the year under review, your Company has appointed M/s. Keyur Patel & Co., Chartered Accountants, Vadodara as Internal Auditors to carry out the Internal Audit of various operational areas of the Company with effect from 14th February, 2020. The said appointment was made in order to fill up the causal vacancy caused by the resignation of the erstwhile Internal Auditors of the Company, namely M/s Saurabh Shah & Co., Chartered Accountants, Vadodara, on account of closure of their firm.

Cost Auditors

M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad, the Cost Auditors of the Company carried out the audit of cost records for steel Plant of the Company during the year.

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s Kiran J. Mehta & Co., Cost

Accountants, (Firm Registration Number 000025) as Cost Auditor to audit the cost records of the Company for the financial year 2020-21. As required under the Companies Act, 2013, a resolution seeking members' approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

The Cost Audit Report for the financial year 2018-19 was filed with the Ministry of Corporate Affairs on 5th September, 2019.

Secretarial Auditor

In terms of the provisions of Section 204 of the Companies Act, 2013, Mr. Niraj Trivedi, Practising Company Secretary, Vadodara, have been re-appointed by the Board as Secretarial Auditor of the Company for the financial year 2020-21.

The Secretarial Audit Report as issued by the Secretarial Auditor in Form No. MR-3 for the financial year 2019-20 is annexed herewith as "Annexure-A" and forms integral part of this Annual Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Company has complied with applicable Secretarial Standard during the year.

EXTRACT OF ANNUAL RETURN

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

AUDIT COMMITTEE

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

RISK MANAGEMENT POLICY

The Company has a Risk Management Policy to ensure appropriate risk management within its systems and culture. The Board of Directors and the Audit Committee of the Company periodically reviews the Risk Management Policy of the Company. The provisions relating to Risk Management Committee are not applicable to the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope of the audit activity is broadly guided by the annual audit plan approved by the top management and audit committee. The Internal Auditors routinely test these systems and significant audit observations, if any, and follow up actions thereon are reported to the Audit Committee.

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

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

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

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

SUBSIDIARY, JOINT VENTURES OR ASSOCIATE COMPANY

Honeyvick Enterprises Private Limited continues to be holding company, holding 55.12% Equity Share Capital of the Company. The Company neither has any subsidiary/associate/joint venture company nor any other company has become subsidiary/ Associate/Joint Venture company of the Company during the year.

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

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

During the year under review, the company has not received any complaint on sexual harassment and hence no complaints remain pending as of March 31, 2020.

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 : 31st August, 2020

Ashok Malhotra
Chairman & Managing Director

Annexure - A to Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

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

To,
The Members
M/s. PANCHMAHAL STEEL LIMITED
GIDC Industrial Estate,
Kalol-389 330,
Dist. Panchmahals, Gujarat.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not applicable to the Company during the Audit Period.**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - **Not applicable to the Company during the Audit Period**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable to the Company during the Audit Period**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable to the Company during the Audit Period**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable to the Company during the Audit Period**
- (vi) Other applicable laws -Based on the information provided and the representation made by the Company and its officers and also on the review of the compliance reports taken on record by the Board of Directors of the Company,

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

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

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

We further report that:

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

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

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

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there were no other specific events /actions in pursuance of the above referred laws, rules, regulations, guidelines, etc., having a major bearing on the Company's affairs.

Place: Vadodara
Date: 31st August, 2020

Signature : Sd/-
Name of PCS : NIRAJ TRIVEDI
FCS No. : 3844
C. P. No. : 3123
PR : 499/2016
UDIN : F003844B000635728

This report is to be read with our letter of even date which is annexed as **Annexure** and forms an integral part of this report.

'Annexure to Secretarial Audit Report'

To,
The Members
M/s. PANCHMAHAL STEEL LIMITED
GIDC Industrial Estate,
Kalol - 389 330,
Dist. Panchmahals,
Gujarat.

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

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

Place: Vadodara
Date: 31st August, 2020

Signature : Sd/-
Name of PCS : NIRAJ TRIVEDI
FCS No. : 3844
C. P. No. : 3123
PR : 499/2016
UDIN : F003844B000635728

“Annexure - B” to Directors' Report

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on F.Y. ended on 31/03/2020

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

I. REGISTRATION & OTHER DETAILS:

| | | |
|----|--|--|
| 1. | CIN | L27104GJ1972PLC002153 |
| 2. | Registration Date | 12th September, 1972 |
| 3. | Name of the Company | Panchmahal Steel Limited |
| 4. | Category/Sub-category of the Company | Public Limited Company |
| 5. | Address of the Registered office & contact details | GIDC Industrial Estate, Kalol-389 330 Dist. Panchmahals, Gujarat. Phone No. : 02676 - 230777 Fax No. : 02676 230889 E-mail : shares@panchmahalsteel.co.in Website : www.panchmahalsteel.co.in |
| 6. | Whether listed company | Yes |
| 7. | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. MCS Share Transfer Agents Limited Neelam Apartment, 88, Sampatrao Colony, Above Chhapanbhog Sweet, Alkapuri, Vadodara-390 007. Tel Nos.: 0265-2314757, 2350490, Fax No.: 0265-2341639 E-mail : mcsLtdbaroda@gmail.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|---|---------------------------------|------------------------------------|
| 1. | Bars & Rods of Stainless Steel, Hot -Rolled, in irregularly wound coils | 27163 | 38.79 % |
| 2. | Other Bars & Rods of Stainless Steel | 27153 | 24.02 % |
| 3. | Wires of Stainless Steel | 57183 | 37.19 % |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 31-March-2019] | | | | No. of Shares held at the end of the year [As on 31-March-2020] | | | | % Change during the year |
|--|--|---------------|-----------------|-------------------|--|---------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 3339060 | - | 3339060 | 17.50% | 3309060 | - | 3309060 | 17.50% | - |
| b) Central Govt. | - | - | - | - | - | - | - | - | - |
| c) State Govt. | - | - | - | - | - | - | - | - | - |
| d) Bodies Corporate | 10516005 | - | 10516005 | 55.12% | 10516005 | - | 10516005 | 55.12% | - |
| e) Banks/FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| (2) Foreign | - | - | - | - | - | - | - | - | - |
| Total shareholding of Promoters (A) | 13855065 | - | 13855065 | 72.62% | 13855065 | - | 13855065 | 72.62% | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | 500 | - | 500 | 0.00% | - |
| b) Banks / FI | 750329 | 200 | 750529 | 3.93% | 750329 | 200 | 750529 | 3.93% | - |
| c) Central Government | - | - | - | - | - | - | - | - | - |
| d) State Government(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | 331000 | - | 331000 | 1.73% | 331000 | - | 331000 | 1.73% | - |
| g) FII | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1):- | 1081329 | 200 | 1081529 | 5.67% | 1081829 | 200 | 1082029 | 5.67% | - |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 303992 | 3200 | 307192 | 1.61% | 272929 | 2200 | 275129 | 1.44% | (0.17%) |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs.2 lacs | 1372671 | 117205 | 1489876 | 7.81% | 1287022 | 105105 | 1392127 | 7.30% | (0.51%) |
| ii) Individual shareholders holding nominal share capital in excess of Rs.2 lacs | 2087509 | - | 2087509 | 10.94% | 2201931 | - | 2201931 | 11.54% | 0.64% |
| c) Others | | | | | | | | | |
| i) HUF | 158493 | - | 158493 | 0.83% | 163942 | - | 163942 | 0.86% | 0.03% |
| ii) Non Resident Indians | 33765 | - | 33765 | 0.18% | 32386 | - | 32386 | 0.17% | (0.01%) |
| iii) OCBs | - | - | - | - | - | - | - | - | - |
| iv) Foreign Nationals | - | - | - | - | - | - | - | - | - |
| v) Clearing Members | - | - | - | - | - | - | - | - | - |
| vi) Trusts | - | - | - | - | - | - | - | - | - |
| vii) IEPF Authority | 64900 | - | 64900 | 0.34% | 75720 | - | 75720 | 0.40% | 0.06% |
| Sub-total (B)(2):- | 4021330 | 120405 | 4141735 | 21.71% | 4033930 | 107305 | 4141235 | 21.71% | 0.04% |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 5102659 | 120605 | 5223264 | 27.38% | 5115759 | 107505 | 5223264 | 27.38% | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 18937624 | 120605 | 19078329 | 100.00% | 18970824 | 107505 | 19078329 | 100.00% | - |

B) Shareholding of Promoter(s)-

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year (As on 1st April 2019) | | | Shareholding at the end of the year (As on 31st March 2020) | | | % change in shareholding during the year |
|---------|--------------------------------|--|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Mr. Ashok Malhotra | 2459940 | 12.89% | 5.95% | 2459940 | 12.89% | 4.27% | - |
| 2 | Ashok R. Malhotra (HUF) | 256000 | 1.34% | 1.34% | 256000 | 1.34% | - | - |
| 3 | Mr. Hanish Malhotra | 454900 | 2.38% | - | 454900 | 2.38% | - | - |
| 4 | Mr. Vikas Malhotra | 168220 | 0.88% | - | 168220 | 0.88% | - | - |
| 5 | Honeyvick Enterprises (P) Ltd. | 10516005 | 55.12% | 18.25% | 10516005 | 55.12% | - | - |
| | Total | 13855065 | 72.62% | 25.54% | 13855065 | 72.62% | 4.27% | - |

During the year under review, total 40,57,000 Equity Shares aggregating 21.27% of total Equity Shares of the Company encumbered as pledge by the Promoters/Promoters Group in favour of ICICI Bank were duly released on 25.10.2019.

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

There are no changes in the Promoter's shareholding during the Financial Year 2019-20.

D) Shareholding Pattern of Top Ten Shareholders:

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

| Sr. No. | Name of the Promoter | Shareholding at the beginning of the year (as on 1st April 2019) | | Cumulative Shareholding during the year (as on 31st March 2020) | |
|---------|--|--|----------------------------------|---|----------------------------------|
| | | No. of Shares | % to Total Shares of the company | No. of Shares | % to Total Shares of the company |
| 1. | Dimple Kamlesh Kanungo | 1260692 | 6.61% | 1277728 | 6.70% |
| 2. | Gujarat Industrial Investment Corp. Ltd. | 750329 | 3.93% | 750329 | 3.93% |
| 3. | Life Insurance Corporation of India | 331000 | 1.74% | 331000 | 1.74% |
| 4. | Tanvi Jignesh Mehta | 167678 | 0.88% | 139358 | 0.73% |
| 5. | Anu Narayan | 95027 | 0.50% | 118115 | 0.62% |
| 6. | Stainless Metalex India Pvt. Limited | 88783 | 0.47% | 88783 | 0.47% |
| 7. | Devansh Kamlesh Kanungo | 54150 | 0.28% | 83681 | 0.44% |
| 8. | Prakash M. Sanghvi | 79725 | 0.42% | 79725 | 0.42% |
| 9. | Om Prakash Chugh | 78137 | 0.41% | 78137 | 0.41% |
| 10. | IEPF Authority | 64900 | 0.34% | 75720 | 0.40% |

E) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name of Director or KMP | | Shareholding at the beginning of the year (01.04.2019) | | Cumulative Share holding during the year (31.03.2020) | |
|---------|--|--|--|----------------------------------|---|----------------------------------|
| | | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1. | Mr. Ashok R. Malhotra Chairman & Managing Director | At the beginning of the year At the end of the year | 2459940 | 12.89 | 2459940 | 12.89 |
| 2. | Mr. Amal D. Dhru Independent Director | At the beginning of the year At the end of the year | Nil | Nil | Nil | Nil |
| 3. | Mr. Milan P. Shah Independent Director | At the beginning of the year At the end of the year | 200 | 0.00 | 200 | 0.00 |
| 4. | Ms. Suchita Shah Non-Independent NE Director | At the beginning of the year At the end of the year | 1900 | 0.02 | 1900 | 0.02 |
| 5. | Mr. Samir M. Parikh Independent Director | At the beginning of the year At the end of the year | Nil | Nil | Nil | Nil |
| 6. | Mr. Kalpesh J. Parmar Non-Independent NE Director | At the beginning of the year At the end of the year | Nil | Nil | Nil | Nil |
| 7. | Mr. Pradeep R. Sharma (upto 13.11.19) Director (Operations) | At the beginning of the year At the end of the year | 100 | 0.00 | 100 | 0.00 |
| 8. | Mr. Pradip H. Gupta (upto 31.12.19) Chief Financial Officer | At the beginning of the year At the end of the year | Nil | Nil | Nil | Nil |
| 9. | Mr. Deepak R. Nagar Company Secretary | At the beginning of the year At the end of the year | Nil | Nil | Nil | Nil |

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|---------------------|----------|---------------------|
| Indebtedness as at 01.04.2019 - (Working Capital) | | | | |
| i) Principal Amount | 59,44,53,355 | 9,78,00,000 | - | 69,22,53,355 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 8,93,285 | - | - | 8,93,285 |
| Total (i+ii+iii) | 59,53,46,640 | 9,78,00,000 | - | 69,31,46,640 |
| Change in Indebtedness during the financial year | | | | |
| * Addition | 3,05,16,872 | 44,91,647 | - | 3,50,08,519 |
| * Reduction | - | - | - | - |
| Net Change | 3,05,16,872 | 44,91,647 | - | 3,50,08,519 |
| Indebtedness as at 31.03.2020 | | | | |
| i) Principal Amount | 61,96,88,579 | 10,22,91,647 | - | 72,19,80,226 |
| ii) Interest due but not paid (Net of TDS) | - | - | - | - |
| iii) Interest accrued but not due | 61,74,933 | - | - | 61,74,933 |
| Total (i+ii+iii) | 62,58,63,512 | 10,22,91,647 | - | 72,81,55,159 |

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

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---------|---|--|---------------------|--------------------|
| | | Mr. Ashok Malhotra | Mr. Pradeep Sharma* | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 1,08,00,000 | 20,52,167 | 1,28,52,167 |
| | (b) Value of perquisites u/s 17(2) Income Tax Act, 1961 | 11,75,531 | 1,79,503 | 13,55,034 |
| | (c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | 39,00,000 | 5,42,318 | 44,42,318 |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| 5 | Others (contribution to PF & SAF) | 12,96,000 | 5,51,925 | 18,47,925 |
| | Total (A) | 1,71,71,531 | 33,25,913 | 2,04,97,444 |
| | Ceiling as per the Act | As per Schedule V of the Companies Act, 2013 | | |

* Resigned and ceased to be Director w.e.f. 13.11.2019

B. Remuneration to other Director. (Amt. in Rs.)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------|--|---|-----------------|------------------|------------------|--------------------|--------------------|
| | | Mr. Amal Dhru | Mr. Milan Shah | Ms. Suchita Shah | Mr. Samir Parikh | Mr. Kalpesh Parmar | |
| 1 | <u>Independent Directors</u> | | | | | | |
| | Fee for attending board committee meetings | 1,10,000 | 1,50,000 | 70,000 | 40,000 | - | 3,70,000 |
| | Commission | - | -- | - | - | - | - |
| | Others, please specify | - | -- | - | - | - | - |
| | Total (B) | 1,10,000 | 1,50,000 | 70,000 | 40,000 | - | 3,70,000 |
| | Total Managerial Remuneration (A+B) | | | | | | 2,08,67,444 |
| | Ceiling as per the Act | Sitting Fees paid is within the limits specified under the Companies Act, 2013. | | | | | |

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

(Amt. in Rs.)

| Sr. No. | Particulars of Remuneration | Name of Key Management Personnel | | Total Amount |
|---------|---|----------------------------------|---------------------------------------|------------------|
| | | Mr. Pradip Gupta* CFO | Mr. Deepak Nagar Company Secretary | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 12,68,000 | 12,08,000 | 24,76,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 1,04,808 | 1,00,000 | 2,04,808 |
| | (c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961 | 4,20,000 | 4,60,000 | 8,80,000 |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| 5 | Others (Contribution to PF & SAF) | 1,51,200 | 1,44,000 | 2,95,200 |
| | Total (A) | 19,44,008 | 19,12,000 | 38,56,008 |

* Retired on 31.12.2019

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Place : Vadodara
Date : 31st August, 2020Ashok Malhotra
Chairman & Managing Director

"Annexure - C" to Directors' Report

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Accounts) Rules, 2014.

A) Conservation of Energy and Technology Absorption

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

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

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

B) Foreign Exchange Earnings and Outgo Description

(Rs. in Lacs)

| Particulars | | 2019-20 | 2018-19 |
|-------------|---------------------------------|----------|----------|
| i. | Foreign Exchange Earnings | 6976.13 | 11669.26 |
| ii. | CIF Value of Imports | 17395.71 | 21465.45 |
| iii. | Expenditure in Foreign Currency | 85.24 | 92.22 |

For and on behalf of the Board of Directors

Place : Vadodara
Date : 31st August, 2020

Ashok Malhotra
Chairman & Managing Director

Annexure - D" to Directors' Report

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

| | |
|--|---|
| 1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year. | Mr. Ashok Malhotra, CMD : 90.45 Mr. Pradeep Sharma, D(O)* : -- |
| 2. The % increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manger, if any of the Financial Year. | Mr. Ashok Malhotra, CMD : Nil Mr. Pradeep Sharma, D (O)* : -- Mr. Pradip H. Gupta, CFO** : -- Mr. Deepak Nagar, CS : Nil |
| 3. The % increase in the median remuneration of employees in the financial year. | In the F.Y. 2019-2020, there was a decrease of 3.13% in the median remuneration of employees. |
| 4. The number of permanent employees on the roll of the Company. | 470 Employees as on March 31, 2020 |
| 5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | There has been no increase in the salaries of employees and of the managerial personnel during the F.Y. 2019-20. |
| 6. The key parameters for any variable component of remuneration availed by the directors. | Not Applicable |
| 7. Affirmation that the remuneration is as per the remuneration policy of the Company. | We affirm that the remuneration is as per the Remuneration Policy of the Company. |

* Resigned w.e.f. from 13.11.2019

** Retired w.e.f. 31.12.2019

For and on behalf of the Board of Directors

Place : Vadodara
Date : 31st August, 2020

Ashok Malhotra
Chairman & Managing Director

"Annexure - E" to Directors' Report

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

| Sr.No. | Particulars | Details |
|--------|---|--|
| a) | Name of the Employee | Mr. Ashok Malhotra |
| b) | Designation of the Employee | Chairman & Managing Director |
| c) | Remuneration received | Rs.171.71 lacs (including PF contribution) |
| d) | Nature of Employment | Contractual |
| e) | Qualification of employee | B.Com. |
| f) | Experience of employee | 48 years |
| g) | Date of commencement of employment | 01.12.1976 |
| h) | Age of employee | 68 years |
| i) | Last employment held before joining the Company | -- |
| j) | % of Equity Shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) above | 12.89% |
| k) | Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager | None |

For and on behalf of the Board of Directors

Place : Vadodara
Date : 31st August, 2020

Ashok Malhotra
Chairman & Managing Director

Report on Corporate Governance

The Board of Directors present the Company's Report on Corporate Governance for the financial year ended 31st March, 2020 as hereunder, in terms of Regulation 34(3) read with Schedule V(C) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

1. Corporate Governance Philosophy

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

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

2. Board of Directors

Composition of the Board

The Composition of Board is in conformity with Regulation 17(1)(B) & 17(1)(c) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, which stipulates that at least half of the Board should comprise of Independent Directors if the Chairman of the Board is an Executive Chairman and that the Board of Directors of the top 2000 listed entities shall comprise of not less than six directors. The Board at present consists of six (6) Directors, including Executive Chairman. Out of these directors, three (3) are Independent Directors.

The Directors are eminent industrialists/professionals with optimal mix of knowledge and experience and bring with them the reputation of independent judgement and experience, which they exercise and also satisfy the criteria of independence. The Company has had no pecuniary relations or transactions with the Non-Executive Directors.

The composition of the Board as at 31st March, 2020 stood as under:

| Name of Director | Category | Number of position held in other Companies | | |
|-----------------------|--|--|-------------------------|------------------------|
| | | Directorships* | Committee Chairmanship* | Committee@ Memberships |
| Mr. Ashok R. Malhotra | Non-Independent Executive Director | 1 | Nil | Nil |
| Mr. Amal D. Dhru | Independent Director | 4 | 1 | Nil |
| Mr. Milan P. Shah | Independent Director | 1 | Nil | Nil |
| Ms. Suchita Shah | Non-Independent Non-Executive Director | 1 | Nil | Nil |
| Mr. Samir M. Parikh | Independent Director | 1 | Nil | Nil |
| Mr. Kalpesh J. Parmar | Non-Independent Non-Executive Director | 1 | Nil | Nil |

* includes directorships in private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013 and excludes that of your Company.

@ only Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee of Listed and Public Limited companies has been considered, excluding that in your Company.

As mandated by Regulation 26(1) of the Listing Regulations, none of the Directors is a member of more than ten Board Level Committees (considering only Audit Committee and Stakeholders Relationship Committee) or Chairman of more than five Committees across all public limited companies (listed or unlisted) in which he/she is a Director. Further all Directors have informed about their Directorships, Committee memberships/ Chairmanships including any changes in their positions.

Directorship in other listed companies as on March 31, 2020, is tabulated hereunder:

| Sr. No. | Name of Director | Name of Listed Companies | Category of Directorship |
|---------|-----------------------|------------------------------------|--------------------------|
| 1. | Mr. Ashok R. Malhotra | - | - |
| 2. | Mr. Amal D. Dhru | Sintex Plastics Technology Limited | Independent Director |
| 3. | Mr. Milan P. Shah | - | - |
| 4. | Mr. Samir M. Parikh | - | - |
| 5. | Ms. Suchita Shah | - | - |
| 6. | Mr. Kalpesh J. Parmar | - | - |

Board Meetings and Attendance of Directors

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

During the year under review, 4 (Four) Board Meetings were held on 25th May, 2019, 10th August, 2019, 13th November, 2019 & 14th February, 2020. The Forty Sixth Annual General Meeting was held on 28th September, 2019. The maximum gap between two Board Meetings was always less than one hundred and twenty days as prescribed under Regulation 17(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

| Sr. No. | Name of the Director | No. of Board Meeting held during the year | No. of Board Meetings attended | Attendance at the AGM |
|---------|-------------------------|---|--------------------------------|-----------------------|
| 1. | Mr. Ashok R. Malhotra | 4 | 4 | Yes |
| 3. | Mr. Amal D. Dhru | 4 | 4 | Yes |
| 4. | Mr. Milan P. Shah | 4 | 4 | No |
| 5. | Ms. Suchita Shah | 4 | 3 | No |
| 6. | Mr. Pradeep R. Sharma* | 4 | 3 | Yes |
| 7. | Mr. Samir M. Parikh | 4 | 3 | No |
| 7. | Mr. Kalpesh J. Parmar** | 4 | - | - |

* ceased to be Director w.e.f. November 13, 2019 due to his resignation from the services and Board of Directors of the Company.

** appointed as an Additional Director (Non-Independent) w.e.f. February 14, 2020.

Independent Directors' Meeting

During the year under review, the Independent Directors met on February 14, 2020, inter alia, to discuss:

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

All Independent Directors were present at the Meeting.

Disclosure of Relationships between Directors inter-se

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

Details of Equity Shares held by Non-Executive/Independent Directors as on 31st March, 2020

| Name of the Non-Executive Directors | No. of Shares held |
|-------------------------------------|--------------------|
| Mr. Amal D. Dhru | Nil |
| Mr. Milan P. Shah | 200 |
| Ms. Suchita Shah | 1900 |
| Mr. Samir M. Parikh | Nil |
| Mr. Kalpesh J. Parmar | Nil |

Familiarization Program for Independent Directors

The Company has formulated a Program for Familiarization of Independent Directors with regard to their roles, rights, responsibilities in the Company, nature of the industry in which the company operates and its business model etc. On appointment of an individual as Independent Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal induction & familiarization program.

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

Skills / Expertise / Competencies of the Board of Directors

The List of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business are as follows:-

- i) Knowledge on Company's business, policies and culture (including the Mission, Vision and Values) major risks / threats and potential opportunities and knowledge of the industry in which the Company operates.
- ii) Behavioural skills - attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
- iii) Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.
- iv) Financial and Management skills, knowledge of law, Insurance, Project management, human resource management, CSR etc.
- v) Technical / Professional skills and specialized knowledge in relation to Company's business.

The aforesaid skills are available with the Board Members.

Confirmation regarding Independent Directors:

Based on annual declaration of independence received from Independent Directors, all the independent directors of the Company meet the conditions specified in SEBI Listing Regulations 2015 and are independent of the management.

In terms of the Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors of the Company have enrolled themselves on the Independent Directors Databank.

3. COMMITTEES OF THE BOARD

The Board has constituted various Committees with specific terms of reference in line with the provisions of the Listing Regulations, Companies Act, 2013 and the Rules issued thereunder.

The Company currently has the following Committees of the Board viz.

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

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

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

(A) Audit Committee

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with the requirements of Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Composition:

The Audit Committee of the Company comprises of Four (4) members, 3 of them are Independent Directors. All the members of the Audit Committee are qualified and having insight to interpret and understand financial statements. The Composition of the Committee as at 31st March, 2020 was as under:

| Sr. No. | Name of Member | Status | Category |
|---------|-----------------------|----------|--|
| 1. | Mr. Amal D. Dhru | Chairman | Non-Executive Independent Director |
| 2. | Mr. Milan P. Shah | Member | Non-Executive Independent Director |
| 3. | Mr. Samir M. Parikh | Member | Non-Independent Executive Director |
| 4. | Mr. Kalpesh J. Parmar | Member | Non-Executive Non-Independent Director |

Terms of Reference

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

Apart from considering un-audited and/or audited financial results for the relevant quarters and for the year prior to adoption/ approval by the Board, the Committee focused its attention on key areas impacting the overall performance of the Company, Operations of Plants, Cost Audit, Review of Internal Control System, Energy Conservation/Saving and Cost Control measures, I.T. Security and Management Information System, Major Accounting Policies and Practices, Current Assets Management, Performance Reviews, Related Party transactions, Annual Budget and Annual Internal Audit plan. Based on the Committee's discussions and review of the observations of the reports submitted by the Company's Internal Auditors on Systems and Controls, Cost Control measures and Statutory Compliance in various functional areas, the Audit Committee advises the management on areas where greater internal control and internal audit focus is needed and on new areas to be taken up for audit.

All the recommendations of the Audit Committee have been accepted by the Board of Directors during the year. The minutes of the Meeting of the Audit Committee are discussed and taken note of by the Board of Directors.

Meeting & Attendance during the year

During the year, 4 (four) Audit Committee Meetings were held on 25th May, 2019, 13th August, 2019, 13th November, 2019 & 14th February, 2020. The Attendance of Members at meetings was as under:

| Sr. No. | Name of Member | No. of Meetings | |
|---------|--------------------------------|-----------------|----------|
| | | Held | Attended |
| 1. | Mr. Amal D. Dhru, Chairman | 4 | 4 |
| 2. | Mr. Milan P. Shah, Member | 4 | 4 |
| 3. | Mr. Ashok R. Malhotra, Member* | 4 | 4 |
| 4. | Mr. Samir M. Parikh, Member* | 4 | - |
| 5. | Mr. Kalpesh J. Parmar, Member* | 4 | - |

- * The Audit Committee was re-constituted on 14th February, 2020. Accordingly, (i) Mr. Ashok R. Malhotra ceased to be a member and (ii) Mr. Samir M. Parikh & Mr. Kalpesh J. Parmar were inducted as members of the Audit Committee w.e.f. February 14, 2020.

The Company Secretary functions as the Secretary of the Committee.

As per Regulation 18(1)(d) of the Listing Regulations, the Chairman of the Audit Committee had attended the AGM of the Company held on September 28, 2019.

(B) Nomination & Remuneration Committee

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

Composition:

The Composition of the Nomination & Remuneration Committee as at 31st March, 2020 was as under:

| Sr.No. | Name of Member | Status | Category |
|--------|-------------------|----------|--|
| 1. | Mr. Amal D. Dhru | Chairman | Non-Executive Independent Director |
| 2. | Mr. Milan P. Shah | Member | Non-Executive Independent Director |
| 3. | Ms. Suchita Shah | Member | Non-Executive Non-Independent Director |

Meetings and Attendance during the year

During the year under review, 2 (two) meeting of the Nomination & Remuneration Committee were held on 10th August, 2019 & on 14th February, 2020. The Attendance of Members at meeting was as under:

| Sr. No. | Name of Member | Status | No. of Meetings | |
|---------|-------------------|----------|-----------------|----------|
| | | | Held | Attended |
| 1. | Mr. Amal D. Dhru | Chairman | 2 | 2 |
| 2. | Mr. Milan P. Shah | Member | 2 | 2 |
| 3. | Ms. Suchita Shah | Member | 2 | 1 |

The Company Secretary functions as the Secretary of the Committee.

The minutes of the Meeting of the Nomination and Remuneration Committee are discussed and taken note of by the Board of Directors.

The previous Annual General Meeting of the Company held on 28th September, 2019 was duly attended by the Chairman of the Nomination & Remuneration Committee.

Performance Evaluation

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

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

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

Remuneration Policy for Directors, Key Managerial Personnel & other Employees

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

Non-Executive Directors :

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

Managing Directors, Key Managerial Personnel & Other Employees :

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

The details of remuneration of Mr. Ashok R. Malhotra - Chairman & Managing Director and Mr. Pradeep R. Sharma - Director (Operations) for FY: 2019-20 is as follows:

(Rs. in lacs)

| Remuneration Package | Mr. Ashok R. Malhotra | Mr. Pradeep R. Sharma (upto 13.11.2019) |
|----------------------------------|-----------------------|--|
| Salary & Allowances | 147.00 | 25.94 |
| Perquisites | 11.75 | 1.80 |
| Contribution to PF & other Funds | 12.96 | 5.52 |
| Total | 171.71 | 33.26 |

The Chairman & Managing Director has a agreement with the Company for a period of 3 years with effect from his date of appointment; which can be terminated by giving 3 months' notice in writing. There is no provision for severance fees in the employment contracts of any of the Managing Director or Whole-time Director of the Company. The Company does not pay any remuneration to the Non-executive Directors of the Company including, Independent Directors.

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

Details of sitting fees paid to the Non-executive Directors during the year and the shares of the Company held by them as on March 31, 2020 is as under: -

(Rs. in lacs)

| Sr. No. | Name of Director | Sitting Fee | No. of shares held |
|---------|------------------------|-------------|--------------------|
| 1. | Mr. Amal D. Dhru | 1.10 | - |
| 2. | Mr. Milan P. Shah | 1.50 | 200 |
| 3. | Ms. Suchita Shah | 0.70 | 1900 |
| 4. | Mr. Samir M. Parikh | 0.40 | - |
| 5. | Mr. Kalpesh J. Parmar* | - | - |

* Mr. Kalpesh J. Parmar was appointed as an Additional Director (Non-Independent) of the Company w.e.f. 14th February, 2020.

(C) Stakeholders Relationship Committee

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

Composition

The composition of the Stakeholders Relationship Committee as on 31st March, 2020 was as under:

| Sr.No. | Name of the Member | Status | Category |
|--------|-----------------------|----------|--|
| 1. | Mr. Milan P. Shah | Chairman | Non-Executive Independent Director |
| 2. | Ms. Suchita Shah | Member | Non-Executive Non-Independent Director |
| 3. | Mr. Ashok R. Malhotra | Member | Executive Director |

Terms of Reference

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

- To specifically look into the redressal of Investors' Grievances pertaining to:
 - Transfer of shares and debentures;

- Non-receipt of declared dividends, interests and redemption proceeds of debentures;
- Dematerialization of Shares and Debentures;
- Replacement of lost, stolen, mutilated share and debenture certificates;
- Non-receipt of rights, bonus, split share and debenture certificates;
- Non-receipt of Annual Report.
- To look into other related issues towards strengthening investors' relations.
- To consider and approve issuance of share / debenture certificates including duplicate share/debenture certificates.
- To look into the reasons for any defaults in the payment to the Depositors, Debenture holders, Shareholders (in case of non-payment of declared dividends) and Creditors.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

The Committee also reviews matters relating to transfer of unpaid dividend and concerned equity shares to be transferred to the Investor Education and Protection Fund (IEPF) pursuant to the IEPF Rules.

Meetings and Attendance during the year

During the year, 4 (four) Stakeholders Relationship Committee Meetings were held on 25th May, 2019, 10th August, 2019, 13th November, 2019 & 14th February, 2020. The Attendance of Members at meetings was as under:

| Sr. No. | Name of the Member | No. of Meetings | |
|---------|---------------------------------|-----------------|----------|
| | | Held | Attended |
| 1. | Mr. Milan P. Shah, Chairman | 4 | 4 |
| 2. | Mr. Pradeep R. Sharma, Member * | 4 | 3 |
| 3. | Ms. Suchita Shah, Member | 4 | 3 |
| 4. | Mr. Ashok Malhotra, Member ** | 4 | - |

* Mr. Pradeep Sharma ceased to be a member of the stakeholder Relationship Committee w.e.f. 13th November, 2019.

* Mr. Ashok Malhotra was inducted as member of the Stakeholder Relationship Committee w.e.f. 14th February, 2020.

The Company Secretary functions as the Secretary of the Committee.

Further the Chairman of the Committee, considering his preoccupation, had requested and authorised Mr. Pradeep Sharma, member of the Committee, to act as representative of the Committee to answer queries of the security holders in the 46th AGM as provided under the provisions of Section 178 of Companies Act, 2013, Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and para 4.1.1 of the Secretarial Standard-2 issued by the ICSI.

The minutes of the Meeting of the Stakeholders Relationship Committee are discussed and taken note of by the Board of Directors. At each meeting of the Stakeholders Relationship Committee, all matters pertaining to investors including their grievances and redressal are reported. The Registrars and Transfer Agent under the supervision of the Secretarial Department of the Company look after the investors' grievances, routine complaints relating to non-receipt of annual report, payment of dividends, transfer of shares, dematerialisation of shares and request for change of address, revalidation of divided warrants etc. and were attended generally within a week time.

Details of Shareholders Complaints received and attended during the year 2019-20 were as under:-

| Nature of Complaints | As on 1st April, 2019 | Received during the year | Redressed during the year | As on 31st March, 2020 |
|-----------------------------|-----------------------|--------------------------|---------------------------|------------------------|
| From Investors/Shareholders | - | - | - | - |
| From Stock Exchange/SEBI | - | - | - | - |
| TOTAL | - | - | - | - |

4. General Body Meetings

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

| Date | Time | Type of Meeting | No. of Special Resolutions passed |
|------------|------------|------------------------|-----------------------------------|
| 21.09.2017 | 10.00 a.m. | Annual General Meeting | -- |
| 22.09.2018 | 10.00 a.m. | Annual General Meeting | 1* |
| 28.09.2019 | 10.00 a.m. | Annual General Meeting | 2** |

* Special Resolution passed was for the approval for re-appointment and remuneration payable to Mr. Ashok Malhotra as Managing Director of the Company for a further period of 3 years w.e.f. 1st April, 2018.

** Special Resolutions were passed for the approval for re-appointment of Mr. Amal D. Dhru & Mr. Milan P. Shah as an Independent Directors to hold their office for the second term of 5 consecutive years commencing from the conclusion of the said AGM and upto the conclusion of the 51st AGM of the Company in the calendar year 2024.

No special resolution was passed through postal ballot during the financial year 2019-20. At the forthcoming Annual General Meeting, there is no item on the agenda requiring postal ballot.

5. Means of Communication

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

Financial Results are published normally in Indian Express, Business Standard and in Financial Express & Loksatta (Gujarati). These results were also placed on the website of the Company viz. www.panchmahalsteel.co.in

(ii) No presentations were made to the Institutional Investors or to the analysts during the financial year 2019-20 and no official news were released for the same except routine publication of financial results as aforesaid.

6. General Information for Shareholders

| | | |
|-------|--|--|
| (i) | Day, Date, Time & Venue of the 47th Annual General Meeting (AGM) | Wednesday, the 30th September, 2020 at 11.00 a.m. Venue : The Company will conduct the meeting through VC/OAVM pursuant to the MCA circular dated May 5, 2020, other relevant details of which have been provided in the notice of AGM. The deemed venue of the 47th AGM shall be the Registered Office of the Company. |
| (ii) | Financial Year | 1st April, 2020 to 31st March, 2021 |
| (iii) | Date of Book Closure | Wednesday, the 23rd September, 2020 to Wednesday, the 30th September, 2020 (both days inclusive). |
| (iv) | Dividend Payment Date | The Board has not recommended any dividend for the year ended 31.03.2020. |
| (v) | Name & Address of Stock Exchange(s) where the securities are listed. | BSE Limited (P.J. Towers, Dalal Street, Mumbai-400 001) The Company has paid Listing Fees for the year 2020-21 to the Stock Exchange. |

| | | |
|--------|--|---|
| (vi) | Stock Code | BSE - 513511 |
| (vii) | ISIN for NSDL & CDSL | INE 798F01010 |
| (viii) | CIN | L27104GJ1972PLC002153 |
| (ix) | Registrar & Share Transfer Agent (RTA) | M/s MCS Share Transfer Agent Limited 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Above Chhapanbhog Sweet, Alkapuri, Vadodara-390 007. Tel Nos.: 0265- 2314757, 2350490 Fax No.: 0265-2341639 Email : mcsLtdbaroda@gmail.com |

(x) Share Transfer System

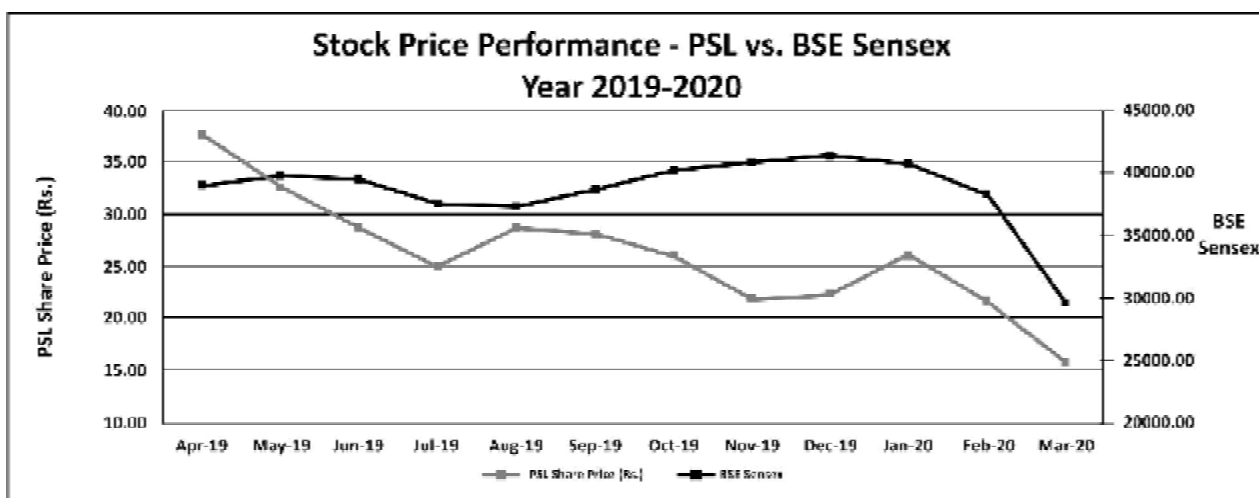
M/s MCS Share Transfer Agent Ltd. (RTA) processes the share transfer/transmission requests on fortnightly basis. Shares lodged for transfer in the physical form are normally processed at the earliest within the statutory time frame from the date of lodgement provided the documents are complete in all respect. The Company Secretary is empowered to approve transfers, transmission etc. of the securities of the Company. A summary of transfer/ transmission of securities of the Company so approved by the Company Secretary is placed at every Board meeting / Stakeholders' Relationship Committee. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and files a copy of the said certificate with Stock Exchanges.

As per SEBI LODR and directions issued by SEBI, effective from 1st April, 2019, the securities of listed companies can only be transferred in dematerialised form except where the claim is lodged for transmission or transposition of shares or where the transfer deed(s) was lodged prior 1st April, 2019 and returned due to deficiency in the document. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through the respective Depository Participants. Shareholders are advised to dematerialise their shares held by them in physical form. Requests for dematerialisation of shares are processed and confirmation thereof is given to the respective depositories i.e. NSDL and CDSL within the statutory time limit, from the date of receipt of documents complete in all respects along with the share certificates.

(xi) Market Price Data

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

| Month | Share Price (Rs.) | | Quantity Traded |
|-----------------|-------------------|-------|-----------------|
| | High | Low | (No. of Shares) |
| April, 2019 | 40.45 | 33.40 | 16,778 |
| May, 2019 | 41.70 | 32.15 | 33,815 |
| June, 2019 | 35.15 | 27.00 | 46,480 |
| July, 2019 | 33.00 | 25.00 | 11,158 |
| August, 2019 | 28.80 | 24.00 | 14,859 |
| September, 2019 | 32.90 | 25.65 | 17,893 |
| October, 2019 | 28.00 | 24.00 | 13,798 |
| November, 2019 | 26.00 | 21.95 | 28,682 |
| December, 2019 | 23.60 | 20.95 | 25,158 |
| January, 2020 | 30.45 | 22.65 | 22,785 |
| February, 2020 | 26.00 | 19.05 | 27,017 |
| March, 2020 | 21.50 | 15.20 | 29,180 |

(xii) Share price performance in comparison to broad based indices - BSE Sensex(xiii) Distribution of Shareholding as at 31.03.2020

| No. of Equity Shares held | Shareholders | | Shares | |
|---------------------------|--------------|-------------------------|-----------------|--------------------|
| | Number | % to Total Shareholders | Number | % to Total Capital |
| 1 - 500 | 2791 | 85.07 | 374638 | 1.96 |
| 501 - 1000 | 186 | 5.67 | 156369 | 0.82 |
| 1001 - 2000 | 118 | 3.59 | 178693 | 0.94 |
| 2001 - 3000 | 57 | 1.74 | 149869 | 0.78 |
| 3001 - 4000 | 33 | 1.01 | 117356 | 0.61 |
| 4001 - 5000 | 18 | 0.54 | 83304 | 0.44 |
| 5001 - 10000 | 23 | 0.70 | 182650 | 0.96 |
| 10001 & above | 55 | 1.68 | 17835450 | 93.49 |
| Total | 3281 | 100.00 | 19078329 | 100.00 |

(xiv) Category of Shareholding as at 31.03.2020

| Category | Number of Shareholders | Shares | |
|--------------------------------------|------------------------|-----------------|--------------------|
| | | Number | % to Total Capital |
| Promoter & Promoter Group | 5 | 13855065 | 72.62 |
| <u>Institutional Investors :</u> | | | |
| - Mutual Funds | 1 | 500 | 0.00 |
| - Banks, Financial Institutions | 3 | 750529 | 3.94 |
| - Insurance Companies | 1 | 331000 | 1.73 |
| - Government - IEPF Authority | 1 | 75720 | 0.40 |
| <u>Non-Institutional Investors :</u> | | | |
| - Bodies Corporate | 41 | 275129 | 1.44 |
| - Non Resident Indians | 24 | 32386 | 0.17 |
| - HUF | 74 | 163942 | 0.86 |
| - Public | 3131 | 3594058 | 18.75 |
| Total | 3281 | 19078329 | 100.00 |

(xv) Dematerialisation of Shares

The Equity Shares of the Company are compulsorily traded in dematerialized form. The Company has established connectivity with both the depositories - NSDL and CDSL for dematerialization of shares and the same are available in electronic segment under ISIN INE798F01010. As on March 31, 2020, total 1,89,70,824 Equity Shares of the Company representing 99.44% of the Share Capital were in electronic form.

| | Shares | % to Total Issued Capital |
|---|--------------------|---------------------------|
| No. of Shares held in dematerialized form in NSDL | 1,54,89,933 | 81.19 |
| No. of Shares held in dematerialized form in CDSL | 34,80,991 | 18.25 |
| No. of Shares held in physical form | 1,07,505 | 0.56 |
| Total | 1,90,78,329 | 100.00 |

(xvi) Outstanding GDRs/ADRs/ Warrants or any convertible instruments - Not Applicable(xvii) Commodity Price Risk or foreign exchange risk & hedging activities

The Company faces commodity price risks such as foreign currency fluctuations, volatility in product/ raw-material prices etc. The Company has not done any commodity hedging during the financial year 2019-20.

(xviii) Plant Location

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

(xix) Address for Correspondence

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

| | |
|--|---|
| Panchmahal Steel Limited Landmark, 7th Floor, Race Course Circle, Vadodara-390 007. Tel Nos.: 0265- 2317777 Fax No. : 0265- 2317705 E-mail : dnagar@panchmahalsteel.co.in shares@panchmahalsteel.co.in | M/s MCS Share Transfer Agent Limited 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Above Chappanbhog, Alkapuri, Vadodara-390 007. Tel Nos.: 0265- 2314757, 2350490 Fax No.: 0265-2341639 Email : mcsltdbaroda@gmail.com |
|--|---|

(xx) Credit Rating

The Company does not have any long term debt instrument or any fixed deposit program or any scheme or proposal involving mobilization of funds in India or abroad. Hence, no credit rating is obtained in relation to the same.

However, due to the working capital facilities that the Company utilizes from its banker, a general credit rating is required to be obtained by the Company. Accordingly, the credit rating as received by the Company for bank facilities, as of March 31, 2020, is CARE BB + & CARE A4 + for Long Term & Short Term bank facilities respectively.

7. Other Disclosures:(a) Related Party Disclosures:

During the financial year 2019-20, there were no materially significant transactions with related party i.e. transactions of the Company of material nature with its Promoters, Directors or the management, their subsidiaries, associates companies or relatives etc. which may have potential conflict with the interests of the Company at large. The details of Related Party Transactions are disclosed in Note No. 38 forming part of the Financial Statements for the year ended 31.03.2020. The Policy on Related Party Transactions is posted on the website of the Company on following web link <http://www.panchmahalsteel.co.in/policies3.html>

(b) Details of non-compliance:

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

(c) Vigil Mechanism & Whistle Blower Policy

The Company has established a vigil mechanism to provide for the safeguards against victimization of Directors and employees who follow such mechanism and to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct. The Board has adopted a Whistle Blower Policy for establishment of vigil mechanism pursuant to the provisions of the Act and Regulation 22 of the Listing Regulations as may be applicable. As per the said Policy, the director/employee will address the complaint to any member of the Enforcement Committee along with the available details and evidence to the extent possible. In case, the complaint is received by a person, other than an enforcement committee member, the same is required to be forwarded by him to the Enforcement Committee.

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

The Enforcement Committee will investigate and decide the case and recommend action within four weeks to the Chairman & Managing Director. The final action to be taken will be decided by the Chairman & Managing Director. The Whistle Blower Policy has been put on the website of the Company.

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

- (d) The Company is in full compliance with the mandatory requirements as contained in the Listing Regulations.
- (e) To determine 'material subsidiary', the Company has adopted a Policy on Determination of Material Subsidiary and the same is available on the website of the Company on following web link <http://www.panchmahalsteel.co.in/policies3.html>
- (f) During the year under report, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI (LODR) Regulations, 2015.

(g) Secretarial Compliance Report

SEBI vide its Circular No. CIR/CFD/CMD1/27/2019 dated 8th February, 2019 read with Regulation 24(A) of the Listing Regulations, directed listed entities to conduct Annual Secretarial compliance audit from a Practicing Company Secretary of all applicable SEBI Regulations and circulars/guidelines issued thereunder. The said Secretarial Compliance report is in addition to the Secretarial Audit Report by Practicing Company Secretaries under Form MR - 3 and is required to be submitted to Stock Exchanges within 60 days of the end of the financial year.

The Company has engaged the services of Mr. Niraj Trivedi (CP No. 3123), Practicing Company Secretary and Secretarial Auditor of the Company for providing this certification.

(h) Certificate on non-disqualification of Directors

A Certificate as required under Regulation 34 (3) read with Part C of Schedule V of Listing Regulations, received from Mr. Niraj Trivedi (CP No. 3123), Practicing Company Secretary, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority was placed before the Board of Directors at their meeting held on 31st August, 2020.

- (i) During the year under report, there is no incident /occasion where the Board had not accepted any recommendation of any Committee of the Board which is mandatorily required.

- (j) The details of total fee for all services paid by the Company to the statutory auditors and all entities in the network firm/network entity of which the Statutory Auditor is a part, are stated below: (Rs. in lacs)

| Firm Name | Nature of Service | Total Fee |
|---|---------------------------------------|-----------|
| M/s. CNK & Associates LLP Chartered Accountant | Audit, Limited Review & Certification | 6.50 |
| | Reimbursement of Expense | 0.02 |
| | Total | 6.52 |

- (k) Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, No Sexual Harassment complaints were filed or pending for disposal with Company during the year under review.

- (l) Discretionary requirements as per Regulation 27(1) of SEBI Listing Regulations (Part-E of Schedule II)

- (i) The Board- The Company does not maintain a separate office for the non-executive chairperson.
(ii) Audit Qualification - There has been no audit qualification /modified opinions in the audit report by the Auditors for the financial year 2019-20.
(iii) Separate post of Chairman & CEO - The Company has same person as Chairman & Managing Director.
(iv) Reporting of Internal Auditor - The Internal Auditors of the Company submits report to the Audit Committee regularly on quarterly basis.

- (m) The Company has complied with the Corporate Governance requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

- (n) Code of Conduct for Directors and Senior Management Personnel

In compliance with Regulation 26(3) of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and the Companies Act, 2013, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company on following web link <http://www.panchmahalsteel.co.in/policies3.html>. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Chairman & Managing Director of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code and forms part of this Report.

- (o) Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons:

The Company has adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons (Insider Trading Code) under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations). SEBI notified several amendments to SEBI Insider Trading Regulations pursuant to SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which were effective from 1st April, 2019.

In accordance with the said amendments to the SEBI Insider Trading Regulations, it was, inter alia, required to amend/formulate the following:

- (a) Code of Conduct to Regulate, Monitor and Report trading by Designated Persons
(b) Formulate a Policy for determination of 'legitimate purposes' as a part of 'Code of Fair Disclosure and Conduct'
(c) Policy for inquiry in case of leak of Unpublished Price Sensitive Information (UPSI)
(d) Whistle Blower Policy to enable reporting in case of leak of UPSI

The aforesaid Code and Policies have been uploaded on website of the Company and can be accessed through the following link: <http://www.panchmahalsteel.co.in/policies3.html>.

8. CEO/CFO Certificate

In terms of Regulation 17 (8) of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, the Chairman & Managing Director and CFO have furnished the requisite certificate to the Board of Directors of the Company and forms part of this Report.

9. Management Discussion and Analysis Report

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

10. Certificate on Corporate Governance

The Company has obtained a certificate from M/s CNK & Associates, LLP, Chartered Accountants, Statutory Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in the Listing Regulations and forms part of this Report.

Declaration by the Chairman & Managing Director

To,
The Members of
Panchmahal Steel Limited

Sub : Compliance with Code of Conduct - Pursuant to Regulation 26(3) of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them in respect of the financial year 2019-20.

Place : Vadodara
Date : 31st August, 2020

Ashok Malhotra
Chairman & Managing Director

Independent Auditors' Certificate on Corporate Governance

To,

The Members of

Panchmahal Steel Limited

1. We, CNK & Associates, LLP Chartered Accountants, the Statutory Auditors of Panchmahal Steel Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2020 as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SOC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2020.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For CNK & Associates, LLP
Chartered Accountants,
Firm Regn. No.101961W/W-100036

Place : Vadodara
Date : 31st August, 2020

Alok Shah
Partner
Membership No. 042005
UDIN: 20042005AAAALU4638

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
PANCHMAHAL STEEL LIMITED
(CIN: L27104GJ1972PLC002153)
GIDC Industrial Estate,
Kalol- 389 330, Dist. Panchmahal, Gujarat.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of PANCHMAHAL STEEL LIMITED having CIN- L27104GJ1972PLC002153 and having Registered Office at Kalol- 389 330, Dist. Panchmahal, (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para-C, Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India due to the spread of the COVID-19 pandemic, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such other Statutory Authority.

*the date of appointment is as per the MCA Portal.

| Sr. No. | Name of Directors | DIN | Date of Appointment in Company* |
|---------|-------------------------------|----------|---------------------------------|
| 1. | Mr. Millan Pravinchandra Shah | 00012088 | 01/09/2006 |
| 2. | Mr. Ashok Ramlubhaya Malhotra | 00120198 | 14/11/2014 |
| 3. | Mr. Amal Dattkumar Dhru | 00165145 | 30/01/2004 |
| 4. | Mr. Kalpesh Janaksinh Parmar | 00230588 | 14/02/2020 |
| 5. | Mr. Suchita Bhavik Shah | 00427169 | 31/03/2015 |
| 6. | Mr. Samir Madhusudan Parikh | 01646819 | 04/02/2019 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Vadodara
Date: 31st August, 2020

Signature : Sd/-
Name of PCS : NIRAJ TRIVEDI
FCS No. : 3844
C. P. No. : 3123
PR : 499/2016
UDIN : F003844B000635948

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

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

We have reviewed the attached Financial Statements and the Cash Flow Statement of PANCHMAHAL STEEL LIMITED for the year ended 31 March 2020, and certify to the Board:

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

Place : Vadodara
Date : 30th June, 2020

Ashok Malhotra
Chairman & Managing Director

Nilesh Shah
Chief Financial Officer

Management Discussion and Analysis Report

Industry Structure, Developments

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

Performance

The total revenue (including other income) of the Company during the year was Rs.332.50 crores as compared to Rs.455.25 crores in the previous year. The Company has incurred Loss before Tax of Rs.15.19 crores for the year under review (previous year Profit before Tax of Rs.3.80 crores). However, the Company has incurred Total Comprehensive Loss of Rs.31.77 crores for the year under review due to Deferred Tax & MAT adjustment of Rs.17.01 crores.

The year has been a challenging for most businesses across the globe. The stainless-steel industry faced a number of challenges due to slowdown in economic growth amidst global muted demand, geopolitical tensions and falling steel prices. These macroeconomic headwinds and operational challenges have adversely affected the contours of the business environment in which we operate. Further, the outbreak of COVID-19 pandemic created an unprecedented socio-economic disruption across the globe. Uncertainty continues to prevail in the COVID-19 environment.

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

Opportunities, Threats, Risk & Concerns

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

The Company's philosophy of strongly focussing on value-added segments and expanding the overall customer base in new geographies is expected to provide the necessary resilience to successfully overcome challenges through different parts of the business cycle. On a longer-term basis, the Company remains confident that its strategic initiatives will provide levers for high quality and sustainable growth and profitability.

Over the past few years, increasing awareness on the various benefits of stainless steel has been leading to a substantial increase of its usage in various applications in railways, automobile, process industries, building and construction. Additionally, the various initiatives undertaken by the Indian Government like "Make in India", institution of the Steel Import Monitoring System (SIMS), reduction of corporate tax have been giving significant impetus to the domestic stainless steel industry.

Risk is inherent in every business activity and stainless steel Industry is no exception. Our industry is deeply entangled in the dynamics of the global economy and change in the demand-supply scenario can cause disruptions in the global market, which could have an adverse effect on the Company's overall performance. The business of the Company is also susceptible to certain risks and uncertainties arising out of the macroeconomic factors viz., Political, legal and regulatory risk; Financial Risk; Rising Stainless steel imports from FTA countries and high volatility in some of its key raw-materials viz., nickel and ferro alloys.

PSL is committed to recognizing and managing the risks it is exposed to, and has put in place mechanisms to handle and manage all associated risks.

Outlook for the year 2020-21

The world is going through unprecedented times and the COVID-19 Pandemic has changed our lives completely. The outbreak of COVID-19 pandemic has severely impacted economic activity across the globe. The manufacturing industry globally has been under stress as the supply chain was disrupted with restrictions on movement of goods and

growing market uncertainty. Unprecedented situations like lockdown may also impact business. The pandemic also resulted in sharp volatility in raw material prices and disrupted the domestic and international demand Stainless steel. Despite various uncertainties and the challenging business environment, the Company is closely monitoring the overall business environment and optimizing operations to align with the market conditions.

Internal control systems

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

Human Resources

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

For and on behalf of the Board of Directors

Place : Vadodara

Date : 31st August, 2020

Ashok Malhotra

Chairman & Managing Director

INDEPENDENT AUDITOR'S REPORT

To

The Members of
PANCHMAHAL STEEL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of PANCHMAHAL STEEL LIMITED ("the Company"), which comprises the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (herein after referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | How the matter was addressed in our audit: |
|---------|---|---|
| 1. | <p>Evaluation of uncertain tax positions and litigations</p> <p>The company has on-going legal matters relating to direct tax, Indirect tax and other matters which requires significant management judgement to determine the likely outcome.</p> <p>Refer Note 32 (i) to the Financial Statements.</p> | <p>In assessing the potential exposure of the on-going litigation, we have performed the following procedures:</p> <ul style="list-style-type: none"> • Obtaining from the management details of all completed / pending tax assessments and other litigations upto 31st March 2020; • Understanding the status of pending tax demands and potential liability for the other pending litigations; • Involved our internal tax teams and discussing with the company's legal advisors to confirm the management's underlying assumptions and judgement for determining the potential liability and provisions and the possible outcome of the litigation. |

Information other than the Financial Statement and Auditor's Report thereon

The Company's Board of Directors is responsible preparation the other information. The other information comprises the information included in the Management discussion and analysis, board's report including Annexure to Board's Report, Corporate Governance and Shareholder's information, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexure to Board's Report, Corporate Governance and Shareholder's Information are expected to be made available to us after the date of this auditor's report. Any Material misstatement thereon pertaining to it, will be reported thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards;

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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, the Statement of Profit and Loss including other comprehensive income, statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements -Refer Note 32 (i) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31st March 2020.

For CNK & Associates, LLP
Chartered Accountants,
Firm Registration No. 101961W/W-100036

Place : Vadodara
Date : 30th June,2020

(Alok Shah)
Partner
Membership No. 042005
UDIN: 20042005AAAAIG6665

Annexure A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2020.

On the basis of such checks as considered appropriate and in terms of the information and explanations given to us, we state as under:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the property, plant and equipments;
- (b) As informed to us, the company has a phased programme of physical verification of its Property, plant and equipments so as to cover all assets once in three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets;
- (c) According to the Information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company;
- (ii) (a) As per the information and explanations given to us, the inventories held by the company have been physically verified by the management. In our opinion, having regard to the nature and location of stocks, the frequency of the physical verification is reasonable;
- (b) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories and the discrepancies noticed on physical verification of the same were not material in relation to the operations of the Company and the same have been properly dealt with in the books of accounts;
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnership or any other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, clause 3(a), 3(b) and 3(c) are not applicable for the year;
- (iv) In our opinion and according to the information and explanations given to us, provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and securities have been complied with;
- (v) In our opinion and as explained to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under;
- (vi) We have broadly reviewed the cost records maintained by the Company as prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained by the company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;
- (vii) (a) According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, Goods and Service tax (GST), service tax, custom duty, excise-duty, value added tax, cess and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2020, for a period of more than six months from the date they became payable;
- (b) According to the information and explanations given to us and the records examined by us, there are no dues of income tax, sales tax, Goods and Service tax(GST), wealth-tax, service tax, duty of customs,

duty of excise , value added tax or cess that has not been deposited on account of disputes except the following:

| Name of the Statute | Nature of dues | Amount (Rs. in Lakhs) | Period to which the amount relates | Forum where dispute is pending |
|--|---------------------------------|-----------------------------|--|-------------------------------------|
| Custom Act, 1962 | Custom Duty (including penalty) | 40.74 | 2014 to 2015 | CESTAT, Mumbai |
| Central Excise Act, 1944 | Excise Duty (including penalty) | 1566.63 | 2005 to 2015 | CESTAT, Ahmedabad |
| Income Tax Act, 1961 | Income Tax (including penalty) | 579.10 | 2010 to 2011 | Commissioner (Appeals), Vadodara |
| Note:- Amounts paid under protest and not charged to profit and loss statement have not been included above. [Refer Note no. 32 (i) of Notes forming part of the financial statements] | | | | |

- (viii) Based on our audit procedure and according to the information and explanation given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions or banks, Government or dues to debenture holders;
- (ix) According to the information and explanations given to us, no moneys were raised by way of initial public offer or further public offer (including debt instruments) and no term loans were obtained during the year;
- (x) During the course of our examination of the books of account and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any incidence of fraud on or by the company noticed or reported during the year, nor we have been informed of any such case by the management;
- (xi) According to the information and explanation given to us and based on our examination of the records of the company, the company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act;
- (xii) In our opinion and according to the information and explanation given to us, the provisions related to Nidhi Company are not applicable;
- (xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards;
- (xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review;
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him and the provisions of section 192 of the Companies Act, 2013 have been complied with;
- (xvi) According to the information and explanation given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For CNK & Associates, LLP
Chartered Accountants,
Firm Registration No. 101961W/W-100036

Place : Vadodara
Date : 30th June, 2020

(Alok Shah)
Partner
Membership No. 042005
UDIN: 20042005AAAAIG6665

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PANCHMAHAL STEEL LIMITED ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of internal financial controls with reference to financial statements of the company that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements of the company and such internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For CNK & Associates, LLP
Chartered Accountants,
Firm Registration No. 101961W/W-100036

Place : Vadodara
Date : 30th June,2020

(Alok Shah)
Partner
Membership No. 042005
UDIN: 20042005AAAAIG6665

BALANCE SHEET AS AT 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | Note No. | As at 31st March 2020 | As at 31st March 2019 |
|--|----------|-----------------------|-----------------------|
| I. ASSETS | | | |
| Non-Current Assets | | | |
| a. Property, Plant and Equipment | 3 | 8,226.42 | 8,957.12 |
| b. Capital work-in-progress | 3 | - | 14.20 |
| c. Financial Assets | | | |
| i) Investment | 4 | 0.02 | 0.02 |
| ii) Other Financial Assets | 5 | 1.41 | 1.41 |
| d. Deferred Tax Assets (Net) | 6 | - | 1,702.12 |
| e. Other Non-Current Assets | 7 | 386.09 | 351.40 |
| Total Non-Current Assets | | 8,613.94 | 11,026.27 |
| Current Assets | | | |
| a. Inventories | 8 | 13,085.78 | 13,163.04 |
| b. Financial Assets | | | |
| i) Trade Receivables | 9 | 2,524.11 | 2,727.01 |
| ii) Cash and Cash Equivalents | 10 | 10.05 | 2.14 |
| iii) Bank Balances other than (ii) above | 11 | 474.99 | 661.84 |
| iv) Loans | 12 | - | 2.02 |
| v) Other Financial Assets | 13 | 18.90 | 27.08 |
| c. Other Current Assets | 14 | 493.00 | 599.27 |
| d. Assets held for sale | 15 | 52.32 | - |
| Total Current Assets | | 16,659.15 | 17,182.40 |
| TOTAL ASSETS | | 25,273.09 | 28,208.67 |
| II. EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a. Equity Share Capital | 16 | 1,908.31 | 1,908.31 |
| b. Other Equity | 17 | 7,265.22 | 10,442.10 |
| Total Equity | | 9,173.53 | 12,350.41 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i) Borrowings | 18 | 855.00 | 855.00 |
| b. Provisions | 19 | 40.01 | 34.60 |
| Total Non-Current Liabilities | | 895.01 | 889.60 |
| Current Liabilities | | | |
| a. Financial Liabilities | | | |
| i) Borrowings | 20 | 6,364.81 | 6,067.53 |
| ii) Trade Payables | 21 | | |
| a) Total Outstanding dues of Micro and Small Enterprises | | 86.95 | 73.81 |
| b) Total Outstanding dues other than Micro and Small Enterprises | | 8,085.55 | 8,118.34 |
| iii) Other Financial Liabilities | 22 | 186.77 | 233.63 |
| b. Other Current Liabilities | 23 | 399.12 | 383.55 |
| c. Provisions | 24 | 81.35 | 91.80 |
| Total Current Liabilities | | 15,204.55 | 14,968.66 |
| TOTAL EQUITY AND LIABILITIES | | 25,273.09 | 28,208.67 |

See accompanying notes forming part of the financial statement

For and on behalf of the Board of Directors
Panchmahal Steel Limited

As per our Report of even date.
For CNK & Associates, LLP.
Chartered Accountants
Firm Reg. No. 101961W/W-100036

Kalpesh Parmar
Director
(DIN: 00230588)

Ashok Malhotra
Chairman & Managing Director
(DIN: 00120198)

Alok Shah
Partner
Membership No. 042005
Vadodara, 30th June, 2020

Nilesh Shah
Chief Financial Officer

Deepak Nagar
GM (Legal) & Company Secretary
Vadodara, 30th June, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | Note No. | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|----------|-------------------------------------|-------------------------------------|
| I. Revenue from Operations | 25 | 33,047.41 | 45,305.27 |
| II. Other Income | 26 | 202.78 | 219.29 |
| III. Total Income (I + II) | | 33,250.19 | 45,524.56 |
| IV. Expenses: | | | |
| Cost of Materials Consumed | 27 | 22,263.53 | 30,518.58 |
| Change in Inventory of Finished Goods | 28 | 1,164.05 | 416.24 |
| Employee Benefits Expenses | 29 | 1,711.89 | 1,880.50 |
| Finance Costs | 30 | 1,349.70 | 1,361.79 |
| Depreciation and Amortization Expenses | 3 | 762.86 | 763.57 |
| Other Expenses | 31 | 7,517.54 | 10,203.91 |
| Total Expenses | | 34,769.57 | 45,144.60 |
| V. Profit Before Tax (III- IV) | | (1,519.38) | 379.96 |
| VI. Tax Expense: | | | |
| Current Tax | | - | 78.22 |
| Deferred Tax and MAT | | 1,701.85 | 45.89 |
| | | 1,701.85 | 124.11 |
| VII. Profit for the year (V-VI) | | (3,221.23) | 255.85 |
| VIII. Other Comprehensive Income | | | |
| (i) Items that will not be reclassified to Profit or Loss | | | |
| - Remeasurement of Defined benefit plans | | 44.36 | - |
| Income tax relating to items that will not be reclassified to Profit or Loss | | | |
| - Remeasurement of Defined Benefit Plans | | - | - |
| Total Other Comprehensive Income | | 44.36 | - |
| IX. Total Comprehensive Income for the period (VII+VIII) | | (3,176.87) | 255.85 |
| X. Earnings per Equity Share (Refer Note 36) | | | |
| (1) Basic | | (16.88) | 1.34 |
| (2) Diluted | | (16.88) | 1.34 |

See accompanying notes forming part of the financial statement

For and on behalf of the Board of Directors
Panchmahal Steel Limited

As per our Report of even date.
For CNK & Associates, LLP.
Chartered Accountants
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Alok Shah
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Vadodara, 30th June, 2020

Nilesh Shah
Chief Financial Officer

Deepak Nagar
GM (Legal) & Company Secretary
Vadodara, 30th June, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

(Rs. In lacs)

| PARTICULARS | For Year ended 31.03.2020 | For Year ended 31.03.2019 |
|---|------------------------------|------------------------------|
| A. Cash Flow from Operating Activities | | |
| Profit before Tax : | (1,519.38) | 379.96 |
| Adjustments for : | | |
| Remeasurement of Defined Benefit Plans | 44.36 | - |
| Depreciation and Amortization Expenses | 762.86 | 763.57 |
| Finance Cost | 1,349.70 | 1,361.79 |
| Loss/(Profit) on sale/disposal of Property, Plant and Equipment | (96.68) | - |
| Interest Income | (72.38) | (94.80) |
| Operating Profit before Working Capital Changes : | 468.48 | 2,410.54 |
| Adjustments for (Increase) / Decrease in Operating Assets : | | |
| Inventories | 77.26 | (245.44) |
| Trade Receivables | 202.90 | 976.97 |
| Loans And Advances | 2.02 | (1.31) |
| Other Current Assets | 106.28 | 432.12 |
| Other Non Current Assets | (22.27) | (82.80) |
| Adjustments for Increase / (Decrease) in Operating Liabilities : | | |
| Trade Payables | (19.65) | (1,651.64) |
| Other Financial Liabilities | (99.68) | (31.67) |
| Other Current Liabilities | 15.56 | (338.40) |
| Provisions | (5.04) | (50.42) |
| Cash Generated From Operation | 725.87 | 1,417.94 |
| Direct Taxes (Payment) / Refund | (24.79) | 15.17 |
| Net Cash from Operating Activities ...A | 701.08 | 1,433.11 |
| B. Cash Flow from Investing Activities | | |
| Purchase of Property, Plant and Equipment | (100.27) | (94.52) |
| Sale / Disposal of Assets | 139.27 | 1.39 |
| Bank Deposits | 186.85 | 7.51 |
| Interest Received | 80.56 | 93.46 |
| Net Cash (Used in) / from Investing Activities ...B | 306.43 | 7.84 |
| C. Cash Flow from Financing Activities | | |
| Net Increase / (Decrease) in Current Borrowings | 297.28 | (76.48) |
| Finance Cost | (1,296.88) | (1,364.62) |
| Net Cash (Used in)/ from Financing Activities ...C | (999.60) | (1,441.10) |
| Net Increase/(Decrease) in Cash & Cash equivalents (A+B+C) | 7.91 | (0.16) |
| Cash and Cash Equivalents at the beginning of the period : | | |
| Cash on Hand | 1.17 | 1.46 |
| Balance with Banks in Current Account | 0.97 | 0.84 |
| Cash and Cash Equivalents as per Note 10 | 2.14 | 2.30 |
| Cash and Cash Equivalents at the closing as of 31-03-2020 : | | |
| Cash on Hand | 1.85 | 1.17 |
| Balance with Banks in Current Account | 8.20 | 0.97 |
| Cash and Cash Equivalents as per Note 10 | 10.05 | 2.14 |
| Net Increase/(Decrease) as disclosed above | 7.91 | (0.16) |

For and on behalf of the Board of Directors
Panchmahal Steel LimitedAs per our Report of even date.
For CNK & Associates, LLP.
Chartered Accountants
Firm Reg. No. 101961W/W-100036**Alok Shah**
Partner
Membership No. 042005
Vadodara, 30th June, 2020**Kalpesh Parmar**
Director
(DIN: 00230588)**Nilesh Shah**
Chief Financial Officer**Ashok Malhotra**
Chairman & Managing Director
(DIN: 00120198)**Deepak Nagar**
GM (Legal) & Company Secretary
Vadodara, 30th June, 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020
A. EQUITY SHARE CAPITAL

(Rupees in Lakhs)

| Particulars | Note No. | Amount |
|---|----------|----------|
| Balance as at 1st April, 2018 | | 1,908.00 |
| Changes in Equity Share capital during the year | 16 | - |
| Balance as at 31st March, 2019 | | 1,908.00 |
| Changes in Equity Share Capital during the year | 16 | - |
| Balance as at 31st March, 2020 | | 1,908.00 |

B. OTHER EQUITY

(Rupees in Lakhs)

| Particulars | Capital Reserve | Securities Premium | General Reserve | Retained Earnings | Total Other Equity |
|--|-----------------|--------------------|-----------------|-------------------|--------------------|
| As at April 1, 2018 | 175.23 | 7,712.71 | 300.00 | 1,998.30 | 10,186.24 |
| Profit for the year | - | - | - | 255.85 | 255.85 |
| Remeasurements of post-employment benefit obligation, net of tax | - | - | - | - | - |
| Other comprehensive income for the year | - | - | - | - | - |
| As at March 31, 2019 | 175.23 | 7,712.71 | 300.00 | 2,254.15 | 10,442.10 |
| As at April 1, 2019 | 175.23 | 7,712.71 | 300.00 | 2,254.15 | 10,442.10 |
| Profit for the year | - | - | - | (3,221.23) | (3,221.23) |
| Remeasurements of post-employment benefit obligation, net of tax | - | - | - | 44.36 | 44.36 |
| Other comprehensive income for the year | - | - | - | - | - |
| Balance as at March 31, 2020 | 175.23 | 7,712.71 | 300.00 | (922.72) | 7,265.22 |

See accompanying notes forming part of the financial statement

For and on behalf of the Board of Directors
Panchmahal Steel Limited

As per our Report of even date.
For CNK & Associates, LLP.
Chartered Accountants
Firm Reg. No. 101961W/W-100036

Kalpesh Parmar
Director
(DIN: 00230588)

Ashok Malhotra
Chairman & Managing Director
(DIN: 00120198)

Alok Shah
Partner
Membership No. 042005
Vadodara, 30th June, 2020

Nilesh Shah
Chief Financial Officer

Deepak Nagar
GM (Legal) & Company Secretary
Vadodara, 30th June, 2020

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE : 1

1. Corporate Information:

Panchmahal Steel Limited ("PSL" or the "Company") is a public Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed with Bombay Stock Exchange (BSE). The registered office of the Company is located at GIDC Industrial Estate, Kalol-389 330, Dist. Panchmahal, Gujarat. The Company is principally engaged in manufacturing of Stainless Steel Long Products viz., Bars, Rods and Wires.

The financial statements are approved by the Company's Board of Directors on 30th June, 2020.

NOTE : 2

2.1 Statement of Compliance

The Company has prepared financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2019.

2.2 Basis of preparation of Financial Statements:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards as prescribed under Section 133 of the Act to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The financial statements for the year ended 31st March 2020 are prepared in accordance with Ind AS.

2.3 Composition of Financial Statements

The financial statements are drawn up in Indian Rupees, the functional currency of the Company, and in accordance with Ind AS presentation. The financial statements comprise:

- Balance Sheet
- Statement of Profit and Loss
- Statement of Changes in Equity
- Statement of Cash Flow
- Notes to Financial Statements

2.4 Significant Accounting Policies

A. Key Accounting Estimates, Assumptions and Management Judgments:

In preparing the financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Any revision to such estimates is recognized in the period in which the same is determined.

Estimates and assumptions are reviewed on an ongoing basis. Any change in these estimates and assumptions will generally be reflected in the financial statements in current period or prospectively, unless they are required to be treated retrospectively under relevant accounting standard.

B. Historical Cost Convention:

The financial statements have been prepared on a historical cost basis, except the following:
 Certain financial assets and liabilities that are measured at fair value;
 Defined benefit plans- measured at fair value

C. Functional and Presentation Currency:

These financial statements are presented in Indian Rupees, which is the Company's functional currency.

D. Current and Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

E. Property, Plant and Equipment:

Recognition and measurement

Property, plant and equipment are recorded at cost of acquisition/construction less accumulated depreciation and impairment losses, if any. Cost comprise of purchase price including non-refundable purchase taxes and any directly attributable cost of bringing the assets to its working condition and location for its intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for, as separate items (major components) of property, plant and equipment. Any gains or losses on their disposal, determined by comparing sales proceeds with carrying amount, are recognized in the Statement of Profit or Loss.

Subsequent Expenditure

Subsequent expenditure on major maintenance or repairs includes the cost of the replacement of parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will be available to the Company, the expenditure is capitalized and the carrying amount of the item replaced is derecognized. Similarly, overhaul cost associated with major maintenance are capitalized and depreciated over their useful lives where it is probable that future economic benefits will be available and any remaining carrying amount of the cost of previous overhauls are derecognized. All other costs are expensed as incurred.

Depreciation

Depreciation on property, plant and equipment is provided on straight line method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

De-Recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of that asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and loss.

Capital Work-in-Progress

Project under commissioning and/or construction wherein assets are not ready for use in the manner intended by the management are carried at cost. At the point when an asset is operating at management's intended use, the cost of construction and/or commissioning is transferred to the appropriate category of property, plant and equipment.

F. Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceeds the

estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss.

G. Non-Current Assets held for sale:

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. The nature of Asset held for sale is in form of Land; therefore it is estimated at cost.

H. Inventories:

Inventories are stated at the lower of cost and net realisable value. Cost is ascertained on a weighted average basis. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling and distribution.

Provisions are made to cover slow-moving and obsolete items based on historical experience of utilisation on a product category basis, which involves individual businesses considering their product lines and market conditions.

I. Trade Receivables:

Trade receivables are carried at original invoice amount less any provisions for doubtful debts based on expected credit loss calculation. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When a trade receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the Statement of Profit and Loss.

J. Financial Instruments:

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

i) Financial Assets:

Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date i.e, the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in three categories:

a) Amortized Cost:

A financial asset is subsequently measured at amortized cost if it is held within a business model with the objective of collecting the contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortized cost includes loans receivable, trade and other receivable and other financial assets that are held with the object of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortized cost

using the effective interest rate (EIR) method less impairment.

b) Fair Value through Other Comprehensive Income:

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through other comprehensive income, except for recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the Statement of Profit and Loss.

c) Fair Value through Profit or Loss:

Financial assets, which are not classified in any of the above categories, are subsequently fair valued through profit or loss.

d) De-recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

e) Impairment

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets, which are not fair valued through profit or loss/OCI. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. Trade receivables are of short duration, normally less than twelve months and hence the loss allowance measured as lifetime ECL does not differ from that measured as twelve months ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve months ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

ii) Financial Liabilities:

Initial Recognition and Measurement

The financial liabilities are classified at initial recognition as at fair value through profit or loss or as those measured at amortized cost. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as under:

a) Fair Value through Profit or Loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

b) Amortized Cost:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

c) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the Effective Interest rate (EIR) amortization process.

K. Cash and Cash equivalents:

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash Flow Statement:

Cash flow are reported using indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals of accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and finance activities of the Company are segregated.

L. Foreign Currencies:**Initial Recognition**

The financial statements are presented in Indian Rupees which is the Company's functional and presentation currency.

Conversion

Transactions in foreign currencies are initially recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into functional currency at the rates prevailing on the reporting date.

Foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/(losses).

M. Revenue Recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Sale of Goods

With regard to sale of goods revenue is recognized when significant control connected with the ownership have been transferred to the Customers. This usually occurs upon dispatch after the price has been determined. The company does not provide any extended warranties or maintenance contract to its customers. Sales are stated net of returns, trade discounts, and other applicable taxes or duties collected on behalf of the government.

Income from operations includes revenue earned on account of job work income which is accounted as per the terms agreed with the customers.

Export Incentives

Export incentives available under prevalent schemes are recognized as income in the year of exports and when there is reasonable assurance that the Company will comply with the conditions and the incentives will be received.

The benefits accrued under the duty drawback scheme and Merchandise Export from India Scheme (MEIS) as per the Import and export Policy in respect of exports under the said scheme are recognized when there is a reasonable assurance that the benefit will be received and the company will comply with all attached conditions. The above benefit has been included under the head 'Export Incentives.'

N. Other Income:**Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis and is included in other income in the Statement of Profit and Loss.

O. Employee Benefits:

A liability is recognized in respect of short-term employee benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Contribution towards defined benefit contribution schemes

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.

Defined Benefit Obligation Plans:

Gratuity

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund held with Life Insurance of India.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The service cost and the net interest cost are charged to the Statement of Profit and Loss. Actuarial gains and losses arise due to re-measurement as result of the actual experience and the assumed parameters and changes in the assumptions used for valuation are recognized in the Other Comprehensive Income (OCI).

Compensated absences

The Company has a policy to allow accumulation of leave by employees up to certain days. The excess leave will be encashed. Accordingly, the excess leave liability is discharged by the Company. Remaining accumulated leave liability as at the year end is provided.

P. Borrowing Costs:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

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 Statement of Profit and Loss account in the year in which they are incurred.

Q. Taxation:

Current Income Tax

Income tax expense comprises of current tax and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity/OCI, in which case it is recognized in Other Comprehensive Income. 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 using the tax rates and tax laws that have been enacted or substantively enacted on the reporting date. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred Tax

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset

current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

R. Provisions, Contingent Liabilities and Contingent Assets:

Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

Contingent Liabilities:

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 cannot be made.

Contingent Assets:

Contingent Assets are not recognised but are disclosed in the notes to the financial statements.

The Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

S. Earnings Per Share:

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

NOTE NO. : 3

Property, Plant and Equipment :

(Rupees in Lakhs)

| Particular | Land-Lease Hold | Land-Free Hold | Factory Building | Other Building | Plant & Equipments | Furniture & Fixtures | Office Equipments | EDP Equipments | Vehicles | Total |
|---|-----------------|----------------|------------------|----------------|--------------------|----------------------|-------------------|----------------|----------|-----------|
| Gross Carrying Amount As at 01-04-2019 | 91.65 | 112.08 | 107.77 | 436.68 | 10,145.16 | 38.92 | 53.16 | 92.75 | 166.18 | 11,244.35 |
| Additions | - | - | - | - | 60.51 | - | 1.47 | 56.47 | 7.07 | 125.53 |
| Disposals | - | - | - | - | 34.05 | - | - | - | 64.76 | 98.81 |
| Transfer to asset held for disposal | | 62.96 | | | | | | | | 62.96 |
| Gross Carrying Amount As at 31-03-2020 | 91.65 | 49.12 | 107.77 | 436.68 | 10,171.62 | 38.92 | 54.63 | 149.22 | 108.49 | 11,208.11 |
| Accumulated Depreciation As at 01-04-2019 | 4.32 | - | 47.72 | 27.12 | 2,058.71 | 11.31 | 21.37 | 41.33 | 75.32 | 2,287.21 |
| Depreciation charge for the year | 1.44 | - | 8.72 | 9.04 | 691.00 | 3.42 | 6.94 | 19.06 | 23.24 | 762.86 |
| On Disposals | - | - | - | - | 7.69 | - | - | - | 60.70 | 68.40 |
| Closing Accumulated Depreciation As at 31-03-2020 | 5.76 | - | 56.44 | 36.16 | 2,742.02 | 14.73 | 28.31 | 60.39 | 37.86 | 2,981.67 |
| Net Carrying Amount: | | | | | | | | | | |
| As at 31-03-2020 | 85.88 | 49.12 | 51.33 | 400.52 | 7,429.60 | 24.19 | 26.33 | 88.83 | 70.63 | 8,226.42 |
| As at 31-03-2019 | 87.32 | 112.08 | 60.05 | 409.56 | 8,086.45 | 27.61 | 31.79 | 51.42 | 90.86 | 8,957.12 |

Note:1

Property, Plant and Equipments as recognized in financial statements as at the date of transition to Ind AS measured as per the previous GAAP and use that as its deemed cost as at the date of transition and accordingly, Presentation has been made during the year (with corresponding restatement of comparative amounts).

NOTE NO. : 3 Property, Plant and Equipment :

| Particulars | Land-Lease Hold | Land-Free Hold | Factory Building | Other Building | Plant & Equipments | Furniture & Fixtures | Office Equipments | EDP Equipments | Vehicles | Total |
|---|-----------------|----------------|------------------|----------------|--------------------|----------------------|-------------------|----------------|----------|-----------|
| Gross Carrying Amount As at 01-04-2018 | 91.65 | 112.08 | 114.49 | 436.68 | 10,122.94 | 38.78 | 50.88 | 59.54 | 150.58 | 11,177.62 |
| Additions | - | - | - | - | 22.22 | 0.14 | 2.28 | 33.21 | 43.49 | 101.34 |
| Disposals | - | - | 6.72 | - | - | - | - | - | 27.89 | 34.61 |
| Transfer | - | - | - | - | - | - | - | - | - | - |
| Gross Carrying Amount As at 31-03-2019 | 91.65 | 112.08 | 107.77 | 436.68 | 10,145.16 | 38.92 | 53.16 | 92.75 | 166.18 | 11,244.35 |
| Accumulated Depreciation As at 01-04-2018 | 2.88 | - | 42.94 | 18.08 | 1,368.90 | 7.81 | 14.30 | 24.79 | 77.16 | 1,556.87 |
| Depreciation charge for the year | 1.44 | - | 11.50 | 9.04 | 689.81 | 3.50 | 7.07 | 16.54 | 24.66 | 763.56 |
| On Disposals | - | - | 6.72 | - | - | - | - | - | 26.50 | 33.22 |
| Closing Accumulated Depreciation As at 31-03-2019 | 4.32 | - | 47.72 | 27.12 | 2,058.71 | 11.31 | 21.37 | 41.33 | 75.32 | 2,287.21 |
| Net Carrying Amount: | | | | | | | | | | |
| As at 31-03-2019 | 87.32 | 112.08 | 60.05 | 409.56 | 8,086.45 | 27.61 | 31.79 | 51.42 | 90.85 | 8,957.12 |
| As at 31-03-2018 | 88.77 | 112.08 | 71.55 | 418.60 | 8,754.04 | 30.97 | 36.58 | 34.75 | 73.42 | 9,620.74 |

Capital work-in-progress

(Rs. in Lakhs)

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|--------------------------|------------------------|------------------------|
| Capital Work in Progress | - | 14.20 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | | As at 31st March 2020 | | As at 31st March 2019 |
|---|--------|--------------------------|----------|--------------------------|
| NOTE NO. : 4 : INVESTMENT | | | | |
| Investments in Equity Instrument (Unquoted) | | | | |
| (At Ammortised cost) | | | | |
| Investment in Equity Instruments (Unquoted - Fully Paid) | | | | |
| - Landmark Premises Co-Op. Services Society Ltd | | 0.02 | - | 0.02 |
| 40 (40) Shares of Rs.50 Each | | | | |
| TOTAL | | 0.02 | | 0.02 |
| NOTE NO. : 5 : OTHER FINANCIAL ASSETS | | | | |
| UNSECURED, CONSIDERED GOOD | | | | |
| Security Deposits | | 1.41 | | 1.41 |
| TOTAL | | 1.41 | | 1.41 |
| NOTE NO. : 6 : DEFERRED TAX ASSETS / LIABILITIES (NET) | | | | |
| Deferred Tax - Assets on account of : | | | | |
| Unabsorbed Depreciation | | | 2,282.15 | |
| (recognised to the extent of Deferred Tax Liability) | 761.42 | | | |
| Unabsorbed Business Loss | 369.24 | | 226.50 | |
| Disallowances under section 43B of the | 47.84 | | 43.34 | |
| Income Tax, Act 1961 | | 1,178.50 | | 2,552.00 |
| Less : Deferred Tax - Liabilities on account of: | | | | |
| Related to Property, Plant and Equipment | | 1,178.50 | | 1,555.35 |
| MAT Credit Entitlement | | - | | 705.48 |
| TOTAL | | - | | 1,702.12 |
| NOTE NO. : 7 : OTHER NON-CURRENT ASSETS | | | | |
| UNSECURED, CONSIDERED GOOD | | | | |
| <u>Balance With Government Authorities</u> | | | | |
| Taxes paid in advance (net of provisions) | 276.30 | | 251.28 | |
| Pre-Deposit - Central Excise | 73.17 | | 50.90 | |
| VAT recoverable | 36.62 | | 36.62 | |
| Capital Advances | | 386.09 | | 338.80 |
| | | - | | 12.60 |
| TOTAL | | 386.09 | | 351.40 |
| NOTE NO. : 8 : INVENTORIES | | | | |
| (At lower of cost and net realizable value) | | | | |
| Raw Materials | | 1,655.80 | | 2,323.51 |
| Raw Material in Transit | | 1,914.24 | | - |
| Production Materials | | 218.59 | | 406.05 |
| Stores & Spares | | 525.66 | | 497.94 |
| Finished goods | | 8,771.49 | | 9,935.54 |
| TOTAL | | 13,085.78 | | 13,163.04 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| NOTE NO. : 9 : TRADE RECEIVABLES | | |
| Trade Receivables considered Good Secured | | |
| Trade receivable Unsecured, considered good | 2,492.11 | 2,750.04 |
| Trade Receivables which have significant increase in credit risk | 68.80 | - |
| Trade Receivables credit impaired | (36.80) | (23.03) |
| Less : Loss allowance | | |
| TOTAL | 2,524.11 | 2,727.01 |
| Note : Trade Receivables are net off bills discounted with the banks | | |
| NOTE NO. : 10 : CASH AND CASH EQUIVALENTS | | |
| Balances with Banks | | |
| a) In Current Accounts | 8.20 | 0.97 |
| Cash in Hand | 1.85 | 1.17 |
| TOTAL | 10.05 | 2.14 |
| NOTE NO. : 11 : BANK BALANCES OTHER THAN ABOVE | | |
| Other bank balances | | |
| Balances held as margin money against Bank Guarantee issued by Bank | 473.59 | 657.86 |
| In earmarked accounts | | |
| Balances held in Unpaid Dividend Accounts | 1.40 | 3.98 |
| TOTAL | 474.99 | 661.84 |
| NOTE NO. : 12 : LOANS UNSECURED, CONSIDERED GOOD | | |
| Loans to Employees | - | 0.39 |
| Advance to Employees | - | 1.63 |
| TOTAL | - | 2.02 |
| NOTE NO. : 13 : OTHER FINANCIAL ASSETS | | |
| Interest accrued on Deposits | 18.90 | 27.08 |
| TOTAL | 18.90 | 27.08 |
| NOTE NO. : 14 : OTHER CURRENT ASSETS UNSECURED, CONSIDERED GOOD | | |
| Balance with Government Authorities | 253.87 | 483.50 |
| Advance to Suppliers | 149.28 | 45.65 |
| Gratuity Fund (Refer Note. 37) | 18.32 | - |
| Expenses paid in advance | 71.53 | 70.13 |
| TOTAL | 493.00 | 599.27 |
| NOTE NO. : 15 : ASSETS HELD FOR SALE | | |
| Free Hold Land(*) | 52.32 | - |
| TOTAL | 52.32 | - |
| (*) Free hold land is classified as held for sale asset based on resolution passed by the Board of Directors during the year to sell the above land. | | |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | | As at 31st March 2020 | | As at 31st March 2019 |
|---|------|--------------------------|------|--------------------------|
| NOTE NO. : 16 : EQUITY SHARE CAPITAL | | | | |
| AUTHORISED SHARE CAPITAL | | | | |
| 4,00,00,000 (4,00,00,000) Equity Shares of Rs. 10/- each | | 4,000.00 | | 4,000.00 |
| ISSUED AND SUBSCRIBED SHARE CAPITAL | | | | |
| 1,90,89,029 (1,90,89,029) Equity Shares of Rs. 10/- each fully paid-up | | 1,908.90 | | 1,908.90 |
| PAID-UP SHARE CAPITAL | | | | |
| 1,90,78,329 (1,90,78,329) Equity Shares of Rs. 10/- each fully paid-up | | 1,907.83 | | 1,907.83 |
| Add: Forfeited Equity Shares of Rs.10/- each | | | | |
| 5,600 Forfeited Equity Shares of Rs.3/- each Paid | 0.17 | | 0.17 | |
| 4,600 Forfeited Equity Shares of Rs.6/- each Paid | 0.28 | | 0.28 | |
| 500 Forfeited Equity Shares of Rs.7/- each Paid | 0.04 | | 0.04 | |
| | | 0.48 | | 0.48 |
| TOTAL | | 1,908.31 | | 1,908.31 |

Additional Notes:

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

| Particulars | As at 31.03.2020 | | As at 31.03.2019 | |
|--|------------------|----------------------|------------------|----------------------|
| | No. of Shares | Nominal Value Rs. | No. of Shares | Nominal Value Rs. |
| Equity Shares at the beginning of the year | 1,90,78,329 | 1,907.83 | 1,90,78,329 | 1,907.83 |
| Add : Equity Shares allotted during the year | - | - | - | - |
| Equity Shares at the end of the year | 1,90,78,329 | 1,907.83 | 1,90,78,329 | 1,907.83 |

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

| Particulars | As at 31.03.2020 | | As at 31.03.2019 | |
|------------------------------------|------------------|------------------------|------------------|------------------------|
| | No. of Shares | % Holding in Shares | No. of Shares | % Holding in Shares |
| a) Mr. Ashok Malhotra | 24,59,940 | 12.89 | 24,59,940 | 12.89 |
| b) Honeyvick Enterprises Pvt. Ltd. | 1,05,16,005 | 55.12 | 1,05,16,005 | 55.12 |
| c) Dimple Kamlesh Kanungo | 12,77,728 | 6.70 | 12,39,277 | 6.50 |

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 OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | | As at 31st March 2020 | | As at 31st March 2019 |
|--|------------|--------------------------|----------|--------------------------|
| NOTE NO. : 17 : OTHER EQUITY RESERVES AND SURPLUS | | | | |
| Capital Reserve | | | | |
| Opening/Closing Balance | | 175.23 | | 175.23 |
| Securities Premium (Excess of face value of the equity shares) | | | | |
| Opening/closing balance | | 7,712.71 | | 7,712.71 |
| [including Rs.4,26,100/- of Forfeited Shares] | | | | |
| General Reserve (transfer of a portion of the net profit) | | | | |
| Opening/Closing Balance | | 300.00 | | 300.00 |
| Retained Earnings | | | | |
| Opening Balance | 2,254.15 | | 1,998.30 | |
| Add : Net Profit/(Loss) for the year | (3,221.23) | | 255.85 | |
| Add : Remeasurement of the Net Defined Benefit Liability/Asset | 44.36 | | | |
| Closing Balance | | (922.72) | | 2,254.15 |
| TOTAL | | 7,265.22 | | 10,442.10 |
| NOTE NO. : 18 : BORROWINGS | | | | |
| Unsecured - at amortized cost | | | | |
| Inter Corporate Deposits (Refer below note (i)) | | 855.00 | | 855.00 |
| TOTAL | | 855.00 | | 855.00 |
| (i) Inter corporate Deposit received from Holding Company. The interest rate for the same is 12.00%. | | | | |
| NOTE NO. : 19 : PROVISIONS | | | | |
| Provision for Employee Benefits | | | | |
| Provision for Compensated Absences(Refer Note. 37) | | 40.01 | | 34.60 |
| TOTAL | | 40.01 | | 34.60 |
| NOTE NO. : 20 : BORROWINGS | | | | |
| Secured - at amortized cost | | | | |
| Loans repayable on demand (Refer below note (i)) | | | | |
| Cash Credit | 6,196.89 | | 4,802.88 | |
| Export Packing Credit | - | | 1,141.65 | |
| | | 6,196.89 | | 5,944.53 |
| Unsecured - at amortized cost | | | | |
| Inter Corporate Deposit (Refer below note (ii)) | | 167.92 | | 123.00 |
| TOTAL | | 6,364.81 | | 6,067.53 |

Note:

- (i) The Working Capital Advances from State Bank of India are secured by first charge over the inventories, receivables and other chargeable current assets; and 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.
- (ii) The company has received Inter corporate Deposit from Holding company. The same is repayable on demand at the interest rate of 12.00%.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | | As at 31st March 2020 | | As at 31st March 2019 |
|--|-----------|--------------------------|-----------|--------------------------|
| NOTE NO. : 21 : TRADE PAYABLES | | | | |
| For Supply/Services | | | | |
| a) Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note. 33) | 86.95 | | 73.81 | |
| b) Total Outstanding Dues of Creditors other than Micro Enterprise and Small Enterprises | 4,727.92 | | 2,755.39 | |
| Bills Payable | | 4,814.87 | | 2,829.21 |
| | | 3,357.63 | | 5,362.95 |
| TOTAL | | 8,172.50 | | 8,192.16 |
| NOTE NO. : 22 : OTHER FINANCIAL LIABILITIES | | | | |
| Interest accrued and due on Borrowings | | 61.75 | | 8.93 |
| Unpaid Dividend | | 1.40 | | 3.98 |
| Payable for Capital Goods | | 35.19 | | 22.72 |
| Payable for Expenses | | 88.43 | | 198.00 |
| TOTAL | | 186.77 | | 233.63 |
| NOTE NO. : 23 : OTHER CURRENT LIABILITIES | | | | |
| Advances received from Customers | | 293.18 | | 203.62 |
| Statutory Liabilities | | 24.19 | | 15.71 |
| Salary and Wages Payable | | 81.75 | | 164.22 |
| TOTAL | | 399.12 | | 383.55 |
| NOTE NO. : 24 : CURRENT PROVISIONS | | | | |
| Provision for Employee Benefits | | | | |
| Provision for Compensated Absences (Refer Note. 37) | | 41.96 | | 31.04 |
| Provision for Gratuity (Refer Note. 37) | | - | | 23.73 |
| Provision for Bonus | | 39.39 | | 37.03 |
| TOTAL | | 81.35 | | 91.80 |
| NOTE NO. : 25 : REVENUE FROM OPERATIONS | | | | |
| Sale of Manufactured Goods | | | | |
| a) Domestic Sales | 25,707.94 | | 33,024.06 | |
| b) Export Sales | 7,092.92 | | 11,821.14 | |
| | | 32,800.87 | | 44,845.20 |
| Sale of Services | | | | |
| Income from Jobwork | | - | | 0.07 |
| Other Operating Revenue | | | | |
| Export Incentives | | 246.54 | | 460.00 |
| TOTAL | | 33,047.41 | | 45,305.27 |
| NOTE NO. : 26 : OTHER INCOME | | | | |
| Miscellaneous Sales | | 33.72 | | 37.19 |
| Insurance Claim Received | | - | | 21.98 |
| Interest Income | | 72.38 | | 94.80 |
| Gain on Foreign Currency Transactions/Translations(Net) | | - | | 65.32 |
| Gain/(loss) on Sale of Sssets | | 96.68 | | - |
| TOTAL | | 202.78 | | 219.29 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | | As at 31st March 2020 | | As at 31st March 2019 |
|--|--|--------------------------|-----------|--------------------------|
| NOTE NO. : 27 : COST OF MATERIALS CONSUMED | | | | |
| a) Raw Materials consumed | | | | |
| Opening Stock of Raw Materials | | 2,323.51 | | 1,769.33 |
| Add : Purchases | | 23,510.05 | | 31,072.76 |
| Less : Closing Stock of Raw Materials | | 3,570.04 | | 2,323.51 |
| | | | 22,263.53 | 30,518.58 |
| TOTAL | | | 22,263.53 | 30,518.58 |
| Details of Major Raw Material Consumption | | | | |
| Scrap | | 10,634.80 | | 13,498.57 |
| Nickel | | 7,855.77 | | 10,050.94 |
| Ferro Chrome | | 2,251.37 | | 3,428.64 |
| Others | | 1,521.59 | | 3,540.43 |
| | | | 22,263.53 | 30,518.58 |
| NOTE NO. : 28 : CHANGE IN INVENTORY OF FINISHED GOODS | | | | |
| Opening Stock | | 9,935.54 | | 10,351.78 |
| Less : Closing Stock | | 8,771.49 | | 9,935.54 |
| TOTAL | | | 1,164.05 | 416.24 |
| NOTE NO. : 29 : EMPLOYEE BENEFITS EXPENSES | | | | |
| Managerial Remuneration | | 193.64 | | 224.62 |
| Salaries, Wages and Bonus | | 1,322.08 | | 1,467.23 |
| Contribution/Provisions for Provident and other Funds | | 169.69 | | 160.37 |
| Staff Welfare Expense | | 27.47 | | 28.28 |
| TOTAL | | | 1,711.89 | 1,880.50 |
| NOTE NO. : 30 : FINANCE COSTS | | | | |
| Interest on Borrowings | | 820.41 | | 801.89 |
| Other Interest | | 18.51 | | 28.10 |
| Bank Charges | | 510.78 | | 531.80 |
| TOTAL | | | 1,349.70 | 1,361.79 |
| NOTE NO. : 31 : OTHER EXPENSES | | | | |
| I. Manufacturing Expenses | | | | |
| Consumption of Prod. Materials, Gen. Stores and Spares | | 2,333.54 | | 4,022.36 |
| Power and Fuel | | 4,216.06 | | 5,111.71 |
| <u>Repairs and Maintenance:</u> | | | | |
| Buildings | | 17.08 | | 29.11 |
| Plant & Machineries | | 86.89 | | 142.90 |
| Other Manufacturing Expenses | | 81.50 | | 98.57 |
| TOTAL (I) | | | 6,735.08 | 9,404.65 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rupees in Lakhs)

| Particulars | As at 31st March 2020 | As at 31st March 2019 |
|--|--------------------------|--------------------------|
| II. Administrative and General Expenses | | |
| Travelling and Conveyance | 20.35 | 31.58 |
| Printing and Stationery | 4.09 | 7.40 |
| Communication Cost | 8.97 | 10.82 |
| Vehicle Expenses | 54.65 | 37.69 |
| Auditor's Remuneration (Refer Note No. 34) | 6.52 | 5.11 |
| Repairs and Maintenance to Other Assets | 27.97 | 27.67 |
| Legal and Professional charges | 92.80 | 105.92 |
| Directors Sitting Fees | 3.70 | 3.01 |
| Insurance Expenses | 34.43 | 22.95 |
| Rates and Taxes | 52.05 | 43.92 |
| Foreign Exchange Variation | 79.70 | - |
| Miscellaneous Expenses | 31.97 | 25.17 |
| TOTAL (II) | 417.20 | 321.24 |
| III. Selling Expenses | | |
| Carriage Outward | 289.84 | 348.51 |
| Commission on Sales | 42.83 | 49.50 |
| Discount and Claims | 3.05 | 4.11 |
| Marine and ECGC Insurance | 7.82 | 20.87 |
| Other Selling Expenses | 21.73 | 55.04 |
| TOTAL (III) | 365.26 | 478.02 |
| TOTAL (I + II + III) | 7,517.54 | 10,203.91 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020
32. Contingent Liabilities

(Rupees in Lakhs)

| Particulars | | As at 31st March 2020 | As at 31st March 2019 |
|-------------|---|--------------------------|--------------------------|
| (i) | Contingent liabilities | | |
| a) | Liabilities Disputed | | |
| | - Income Tax | 841.33 | 579.10 |
| | - Disputed Excise, Custom & Service Tax Liabilities | 1,677.24 | 1,107.98 |
| b) | Claims against the Company not acknowledged as Debt | 131.07 | 136.20 |
| c) | Bank Guarantees | 444.47 | 428.98 |
| | Total | 3,094.11 | 2,252.26 |
| (ii) | Estimated amount of contracts remaining to be executed on capital account and not provided for: | - | 34.70 |

33. Disclosure related to Micro, Small and Medium Enterprises:

On the basis of confirmation obtained from the supplier who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company, the following are the details:

| Particulars | | As at 31st March 2020 | As at 31st March 2019 |
|-------------|---|--------------------------|--------------------------|
| (a) | The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year; | | |
| | i) Principle Amount | 86.95 | 13.01 |
| | ii) Interest Due thereon | 0.29 | 0.11 |
| (b) | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | 363.11 | 281.89 |
| (c) | The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| (d) | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 6.02 | 6.96 |
| (e) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | 0.07 |

34. Auditor's Remuneration

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---|---|---|
| Audit Fees (including for quarterly limited review) | 6.50 | 5.00 |
| For Certification | 0.02 | - |
| Out of pocket expenses | 0.01 | 0.11 |
| Total | 6.52 | 5.11 |

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020
35. Tax Reconciliation

(Rupees in Lakhs)

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|-----|---|-------------------------------------|-------------------------------------|
| (a) | Income Tax Expense | | |
| | (i) Current Tax | - | 78.22 |
| | Current Tax on Profits for the year as per MAT | - | 78.22 |
| | (ii) Deferred Tax and MAT | 1,701.85 | 45.89 |
| | | 1,701.85 | 45.89 |
| | Total Income Tax Expenses (i + ii) | 1,701.85 | 124.11 |
| (b) | Reconciliation of Tax Expense and the Accounting Profit multiplied by India's tax rate | | |
| | Profit before Income Tax Expense | (1,519.38) | 379.96 |
| | Tax at the Indian tax rate of 26.00% (2018 - 2019 – 20.586%) | - | 126.85 |
| | Deductible Tax Expenses(allowances under section 43B) | 47.84 | (2.74) |
| | Unabsorbed Depreciation and Tax Losses | 1,654.01 | - |
| | Income Tax Expense | 1,701.85 | 124.11 |

36. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

i. Profit attributable to Equity holders of Company

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|---|-------------------------------------|-------------------------------------|
| | Profit attributable to equity holders of the Company for basic and diluted earnings per share | (3,221.23) | 255.85 |

ii. Weighted average number of ordinary shares

| | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|--|---|-------------------------------------|-------------------------------------|
| | Issued ordinary shares(in Nos) | 1,90,78,329 | 1,90,78,329 |
| | Weighted average number of shares at 31st March for basic and diluted earnings per shares | 1,90,78,329 | 1,90,78,329 |
| | Basic earnings per share | (16.88) | 1.34 |

37. Disclosure as required under Ind AS 19 - Employee Benefits

[A] Defined Benefit Plans:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded. The following tables summaries the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Risks associated with Defined Benefit Plan

Interest rate risk: A fall in the discount rate which is linked to the Government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment Risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Concentration Risk: Plan has a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

The Company makes annual contributions to Panchmahal Steel Limited Employees' Gratuity Fund managed by LIC, a funded defined benefit plan for qualifying employees. The scheme provides for payment to vested employees as under:

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2020

Defined benefit plans

a) Reconciliation in present value of obligations (PVO) - Defined Benefit Obligation:

| Particulars | Gratuity Funded as on | |
|--|-----------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Present value of Benefit Obligations at the beginning of the period | 916.08 | 914.37 |
| Current Service Cost | 35.53 | 48.59 |
| Interest Cost | 33.70 | 73.15 |
| Past Service Cost | - | - |
| Actuarial (Gains)/Losses on obligations- Due to Change in Financial Assumption | (9.99) | - |
| Actuarial (Gains)/Losses on obligations- Due to Experience | (47.35) | (39.97) |
| Benefits Paid | (205.01) | (80.06) |
| Accrued Payment | | |
| Present value of Benefit Obligations at the end of the period | 722.96 | 916.08 |

b) Change in fair value of plan assets:

| Particulars | Gratuity Funded as on | |
|--|-----------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Fair value of Plan assets at the beginning of the year | 892.35 | 848.55 |
| Interest Income | 66.92 | |
| Return on plan assets, Excluding Interest Income | (12.99) | 63.86 |
| Contributions by Employer | - | 60.00 |
| Benefits paid | (205.01) | (80.06) |
| Fair value of Plan assets at the end of the year | 741.27 | 892.35 |

c) Reconciliation of PVO and fair value of plan assets:

| Particulars | Gratuity Funded as on | |
|---|-----------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Present value of Benefit Obligations at the end of the period | 722.96 | 916.08 |
| Fair value of Plan assets at the end of the year | 741.27 | 892.35 |
| Net (Asset) / Liability recognised in Balance sheet | (18.31) | 23.73 |

d) Net Interest Cost for Current Period

| Particulars | Gratuity Funded as on | |
|--|-----------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Present Value of Benefit Obligation at the Beginning of the Period | 916.08 | 914.37 |
| (Fair Value of Plan Assets at the Beginning of the Period) | 892.35 | 848.55 |
| Net Liability/ (Asset) at the Beginning | 23.73 | 65.82 |
| Interest cost | 33.70 | 73.15 |
| (Interest Income) | (66.92) | -63.86 |
| Net Interest Cost for Current Period | (33.22) | 9.29 |

e) Net Expenses recognised in the statement of Profit and Loss accounts

| Particulars | Gratuity Funded as on | |
|----------------------|-----------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Current Service Cost | 35.53 | 48.59 |
| Net Interest Cost | -33.22 | 9.29 |
| Total | 2.31 | 57.88 |

f) Expense recognised in Other comprehensive Income for Current Period

| Particulars | Gratuity Funded as on | |
|---|-----------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Actuarial (Gains) Losses on Obligation for the Period | (57.34) | (39.97) |
| Return on Plan Assets, Excluding Interest Income | 12.99 | - |
| Net (Income)/ Expense For the Period Recognized in OCI | -44.35 | -39.97 |

g) Balance Sheet Reconciliation

| Particulars | Gratuity Funded as on | |
|---|-----------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Opening Net Liability | 23.72 | 65.81 |
| Expense Recognized in Statement of Profit Or Loss | 2.31 | 57.88 |
| Expense Recognized in OCI (Employer's Contribution) | (44.35) - | (39.97) (60.00) |
| Net Liability (Assets) Recognized in the Balance Sheet | -18.32 | 23.72 |

h) Category of Assets

| Particulars | Gratuity Funded as on | |
|----------------|-----------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Insurance Fund | 741.28 | 892.35 |
| Total | 741.28 | 892.35 |

i) Other Details

| Particulars | Gratuity Funded as on | |
|---|-----------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 |
| No of Active Members | 470 | 470 |
| Per Month Salary for Active Members | 62.57 | 62.57 |
| Weighted Average Duration of the Projected Benefit Obligation | 8.00 | 8.00 |
| Average Expected Future Service | 11.00 | 11.00 |
| Projected Benefit Obligation | 722.96 | 916.08 |
| Prescribed Contribution for Next Year (12 Months) | 30.18 | 42.28 |

j) Net Interest Cost for Next Year

| Particulars | Gratuity Funded as on | |
|--|-----------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Present Value of Benefit Obligation at the End of the Period | 722.96 | 916.08 |
| (Fair Value of Plan Assets at the End of the Period) | (741.27) | (892.35) |
| Net Liability/(Asset) at the End of the Period | (18.31) | 1,808.43 |
| Interest Cost | 49.44 | 33.70 |
| (Interest Income) | (50.70) | (66.92) |
| Net Interest Cost for Next Year | (1.26) | (33.22) |

k) Expenses Recognized in the statement of Profit or Loss for Next Year

| Particulars | Gratuity Funded as on | |
|----------------------------|-----------------------|---------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Current Service Cost | 48.51 | 35.53 |
| Net Interest | (1.26) | (33.22) |
| Expenses Recognized | 47.25 | 2.31 |

l) Major category of assets as at:

| Particulars | Gratuity Funded as on | |
|-----------------------|-----------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| Insurer Managed funds | 741.27 | 892.35 |

m) Assumptions used in the accounting for the gratuity plan:

| Particulars | Gratuity Funded as on | |
|------------------------------------|--|--|
| | 31st March, 2020 | 31st March, 2019 |
| Expected return on plan assets (%) | 6.84% | 7.80% |
| Rate of Discounting | 7.50% | 7.50% |
| Rate of Salary Increase | 5.00% | 7.00% |
| Rate of Employee Turnover | 2.00% | 1.00 to 3.00% |
| Mortality Rate During Employment | Indian Assured Lives Mortality 2006-08 | Indian Assured Lives Mortality 2006-08 |

Note 1: Discount rate is determined by reference to market yields at the balance sheet date on Government bonds, where the currency and terms of the Government bonds are consistent with the currency and estimated terms for the benefit obligation.

Note 2: The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Note 3: 100% of the plan assets are invested in group gratuity scheme offered by LIC of India.

Maturity Analysis of the Benefit Payments : From the Fund

| Particulars | 31st March, 2020 | |
|---------------------------|------------------|--|
| 1st Following Year | 75.44 | |
| 2nd Following Year | 41.80 | |
| 3rd Following Year | 90.94 | |
| 4th Following Year | 60.17 | |
| 5th Following Year | 49.89 | |
| Sum of Years 6 to 10 | 383.38 | |
| Sum of Years 11 and above | 56.15 | |

Sensitivity Analysis

| Particulars | Gratuity Funded as on 31st March, 2020 | |
|---|--|--|
| Projected Benefit Obligation on Current Assumptions | 722.95 | |
| +1.00% Change in Rate of Discounting | (44.95) | |
| -1.00% Change in Rate of Discounting | 50.82 | |
| +1.00% Change in Rate of Salary escalation | 51.25 | |
| -1.00% Change in Rate of Salary escalation | 46.10 | |
| +1.00% Change in Rate of Employee Turnover | 5.54 | |
| -1.00% Change in Rate of Employee Turnover | (6.18) | |

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| Particulars | 31st March, 2020 | 31st March, 2019 |
|------------------------------------|---------------------|---------------------|
| Total employee benefit liabilities | | |
| Non-current | - | - |
| Current | -18.32 | -23.72 |

[B] Other long term Benefit:

The Company's Long Term benefits includes Leave Encashment payable at the time of retirement subject to, policy of maximum leave accumulation of company. The scheme is not funded.

Changes in the value of the obligation in respect of leave encashment

| Particulars | 31st March, 2020 | 31st March, 2019 |
|----------------------------------|---------------------|---------------------|
| Obligation at the year beginning | 65.64 | 74.52 |
| (gains) / losses on obligation | 0.00 | -8.88 |
| Obligation at the year end | 81.97 | 65.64 |

(C) Defined Contribution plans:

Amounts recognized as expense for the period towards contribution to the following funds:

| Particulars | 31st March, 2020 | 31st March, 2019 |
|-----------------------------------|---------------------|---------------------|
| Employers contribution to: | | |
| -Provident Fund | 75.45 | 81.85 |
| -Employee State Insurance Fund | 29.62 | 41.44 |
| -Pension fund | 64.62 | 63.72 |
| -Superannuation Fund | 5.68 | 4.53 |
| Total Compensation | 175.37 | 191.54 |

38. Related Party Disclosures

a) Name of the related party and nature of relationship:-

| Sr. No. | Particulars | Relationship |
|---------|---|--|
| I | Holding Company Honeyvick Enterprises Private Limited of Panchmahal Steel Ltd | Holding Company |
| II | Key Managerial Personnel / Directors: Mr. Ashok R. Malhotra, Chairman & Managing Director Mr. Pradip H. Gupta, Chief Financial Officer (upto December, 31 2019) Mr. Deepak R. Nagar, GM (Legal) & Company Secretary Mr. Pradeep R. Sharma (upto November, 13 2019) | Managing Director Chief Financial Officer GM (Legal) & Company Secretary Whole-time Director |
| III | Relatives of Key Managerial Personnel Mr. Vikas Malhotra, S/o Mr. Ashok Malhotra (up to November 30, 2018) | S/o Mr. Ashok Malhotra |

b) Key Managerial Personnel Compensation

| Particulars | 31st March, 2020 | 31st March, 2019 |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 225.31 | 251.41 |
| Post Employment Benefits | 18.22 | 16.42 |
| Total Compensation | 243.53 | 267.83 |

c) Transactions with Related Parties:

During the year, the following transactions were carried out with related parties and relative of Key Managerial Personnel in the ordinary course of the business.

| Sr. No. | Key Managerial Personnel and their relatives | Name of Parties | Nature of Transaction | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---------|--|--|--|-------------------------------------|-------------------------------------|
| 1 | Holding Company | Honeyvick Enterprises Private Limited | Interest Expenses | 114.83 | 129.20 |
| 2 | Key Managerial Personnel | Mr. Ashok R. Malhotra Mr. Pradip H. Gupta Mr. Deepak R. Nagar Mr. Pradeep R. Sharma | Remuneration Remuneration Remuneration Remuneration | 171.71 19.44 19.12 33.26 | 171.36 24.09 19.12 53.26 |
| 3 | Relative of Key Management Person | Mr. Vikas Malhotra (upto November 30, 2018) | Remuneration | - | 8.12 |
| 4 | Other Directors | Non-Executive Directors | Sitting fees | 3.70 | 3.01 |

d) Outstanding Balances

| Sr. No. | Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---------|--|-------------------------------------|-------------------------------------|
| 1 | Holding Company | 1022.92 | 978.00 |
| 2 | Key Managerial Personnel and Relatives | 8.88 | 32.18 |

39. Operating Segments

The Company is engaged in a single segment of manufacture and sale of Stainless Steel Long Products.

The analysis of geographical information is based on the geographical location of the customers. The geographical information considered for disclosure are as follows:

Geographical Information

Revenue by Geography

| Particulars | For the year ended 31st March, 2020 | For the year ended 31st March, 2019 |
|---------------|-------------------------------------|-------------------------------------|
| Within India | 25,707.94 | 33,024.06 |
| Outside India | 7,092.92 | 11,821.14 |

Carrying value of segment assets

| Particulars | 25,071.50 | 27,868.18 |
|---------------|-----------|-----------|
| Within India | | |
| Outside India | 201.59 | 340.50 |

Property, Plant and Equipment(PPE) by Geographical Locations

The Company has common PPE for producing goods for domestic as well as overseas market. There are no PPE situated outside India. Hence, additional segment-wise information for PPE / additions to PPE has not been furnished.

Disclosure related to Revenue from Major Customers

There are no such customers revenue from whom constitutes more than 10% of total revenue.

40. Fair Value Measurements

Financial Instruments by category

| Particulars | For the year ended 31st March, 2020 | | | For the year ended 31st March, 2019 | | |
|--|-------------------------------------|-------|------------------|-------------------------------------|-------|------------------|
| | FVTPL | FVOCI | Amortized Cost | FVTPL | FVOCI | Amortized Cost |
| Financial Assets | | | | | | |
| Investments | | | | | | |
| - Equity Instruments | - | - | - | - | - | - |
| - Other | - | - | 0.02 | - | - | 0.02 |
| Deposits | - | - | 1.41 | - | - | 1.41 |
| Trade Receivables | - | - | 2,524.11 | - | - | 2,727.01 |
| Cash and Cash Equivalents | - | - | 10.05 | - | - | 2.14 |
| Bank Balances other than above | - | - | 474.99 | - | - | 661.84 |
| Loans and advances to employees and others | - | - | - | - | - | 2.02 |
| Other Financial Assets | - | - | 18.90 | - | - | 27.08 |
| Total Financial Assets | - | - | 3,029.48 | - | - | 3,421.53 |
| Financial Liabilities | | | | | | |
| Borrowings | - | - | 7,219.81 | - | - | 6,922.53 |
| Other Current Financial Liabilities | - | - | 186.77 | - | - | 233.63 |
| Trade Payables | - | - | 8,172.50 | - | - | 8,192.16 |
| Total Financial Liabilities | - | - | 15,579.09 | - | - | 15,348.32 |

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

| As at 31st March, 2020 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--|-------|---------|---------------|---------|---------------|
| Financial Assets at amortized cost | | | | | |
| Investments | 4 | | 0.02 | | 0.02 |
| Deposits | 5 | - | 1.41 | - | 1.41 |
| Total Financial Assets | | - | 1.43 | - | 1.43 |
| Financial Liabilities at amortized cost | | | | | |
| Borrowings (Non Current) | 18 | - | 855.00 | - | 855.00 |
| Total Financial Liabilities | | - | 855.00 | - | 855.00 |

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

| As at 31st March, 2019 | Notes | Level 1 | Level 2 | Level 3 | Total |
|--|-------|---------|---------------|---------|---------------|
| Financial Assets at amortized cost | | | | | |
| Investments | 4 | | 0.02 | | 0.02 |
| Deposits | 5 | - | 1.41 | - | 1.41 |
| Total Financial Assets | | - | 1.43 | - | 1.43 |
| Financial Liabilities at amortized cost | | | | | |
| Borrowings (Non Current) | 18 | - | 855.00 | - | 855.00 |
| Total Financial Liabilities | | - | 855.00 | - | 855.00 |

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels 1 and 2 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of the remaining financial instruments is determined using discounted analysis (if any).

41. Financial Risk Management

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(A) Credit Risk

Credit risk is the risk of incurring a loss that may arise from a borrower or customer failing to make required payments. Credit risk arises mainly from outstanding receivables from free market dealers, cash and cash equivalents, employee advances and security deposits. The Company manages and analyses the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer and including the default risk of the industry, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business;
- ii) Actual or expected significant changes in the operating results of the counterparty;
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- iv) Significant increase in credit risk on other financial instruments of the same counterparty;
- v) Significant changes in the value of the collateral supporting the obligation or in the quality of the third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

(i) Trade Receivables

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 Financial Instrument, which requires expected lifetime losses to be recognized from initial recognition of the receivables. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit Losses (ECL), the Company considers reasonable and relevant information that is available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

(ii) The Reconciliation of ECL is as follows:

| Particulars | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---------------------------|---------------------------|
| Balance at the beginning of the year | 23.03 | 23.03 |
| Provision made/(reversed) during the year | 13.77 | - |
| Balance at the end | 36.80 | 23.03 |

(iii) Cash and Cash Equivalents

As at the year end, the company held cash and cash equivalents of Rs. 10.05 lakhs (31.03.2019 Rs. 2.14 lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

(iv) Other Financial Assets

Others Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

(B) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of Financial Liabilities

The tables herewith analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual Maturities of Financial Liabilities

| Particulars | Less than 1 Year | More than 1 Year | Total |
|---|---------------------|---------------------|------------------|
| As at 31st March, 2020 | | | |
| Non-Derivatives | | | |
| Borrowings | 6,364.81 | 855.00 | 7,219.81 |
| Trade Payables | 8,172.50 | - | 8,172.50 |
| Other Financial Liabilities | 186.77 | - | 186.77 |
| Total Non-Derivative liabilities | 14,724.09 | 855.00 | 15,579.09 |
| As at 31st March, 2019 | | | |
| Non-Derivatives | | | |
| Borrowings | 6,067.53 | 855.00 | 6,922.53 |
| Trade Payables | 8,192.16 | - | 8,192.16 |
| Other Financial Liabilities | 233.63 | - | 233.63 |
| Total Non-Derivative Liabilities | 14,493.32 | 855.00 | 15,348.32 |

(C) Market Risk**Currency Risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The risk is measured through a forecast of foreign currency for the Company's operations.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in Indian Rupee, are as follows:

(i) Trade Receivable and Other Receivable

| Currency | As at 31st March, 2020 | | |
|---------------------------|---------------------------------------|------------------|---------------------------------------|
| | Trade Receivable and other Receivable | Hedges available | Net exposure to Foreign Currency risk |
| USD (in lakhs) | 1.94 | - | 1.94 |
| Equivalent INR (in lakhs) | 146.95 | - | 146.95 |
| EURO (in lakhs) | 0.66 | - | 0.66 |
| Equivalent INR (in lakhs) | 54.64 | - | 54.64 |
| Currency | As at 31st March, 2019 | | |
| | Trade Receivable and other Receivable | Hedges available | Net exposure to Foreign Currency risk |
| USD (in lakhs) | 4.36 | - | 4.36 |
| Equivalent INR (in lakhs) | 300.77 | - | 300.77 |
| EURO (in lakhs) | 0.51 | - | 0.51 |
| Equivalent INR (in lakhs) | 39.73 | - | 39.73 |

(ii) Trade Payable and Other Payable

| Currency | As at 31st March, 2020 | | |
|---------------------------------|---------------------------------------|------------------|---------------------------------------|
| | Trade Receivable and other Receivable | Hedges available | Net exposure to Foreign Currency risk |
| USD (in lakhs) | 43.03 | - | 43.03 |
| Equivalent INR (in lakhs) | 3,256.13 | - | 3,256.13 |
| Currency | As at 31st March, 2019 | | |
| | Trade Receivable and other Receivable | Hedges available | Net exposure to Foreign Currency risk |
| USD (in lakhs) | 79.15 | - | 79.15 |
| Equivalent INR (in lakhs) - USD | 5,459.71 | - | 5,459.71 |

The sensitivity of profit or loss to changes in the exchange rates arises mainly in USD sensitivity from unhedged foreign currency denominated financial instruments.

| Currency | Impact on profit after tax | |
|--------------------------|----------------------------|------------------|
| | 31st March, 2020 | 31st March, 2019 |
| USD sensitivity | | |
| INR/USD increases by 5% | (155.46) | (261.68) |
| INR/USD decreases by 5% | 155.46 | 261.68 |
| EURO sensitivity | | |
| INR/EURO increases by 5% | 2.73 | 1.99 |
| INR/EURO decreases by 5% | (2.73) | (1.99) |

42. Capital Management

For the purpose of the company's capital management, equity includes equity share capital and all other equity reserves attributable to the equity holders of the Company. The Company manages its capital to optimise returns to the shareholders and makes adjustments to it in light of changes in economic conditions or its business requirements. The Company's objectives are to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The Company funds its operation through long term and short term borrowings from holding company and cash credit and other working capital facilities from the bankers. The management and Board of Directors monitor the return on capital.

43. The Company has evaluated the impact of COVID-19 on its financial statements based on the internal and external information up to the date of approval of these financial statements and expects to recover the carrying amount of inventories, receivables and other assets. The Company does not foresee any material impact on liquidity and assumption of going concern.
44. These Financial Statements were authorised for issue in accordance with the resolution of the Board of Directors in its meeting held on 30th June, 2020.
45. The previous year's figures have been regrouped / rearranged wherever necessary to make it comparable with the current year.

The accompanying notes are an integral part of the financial statement

For and on behalf of the Board of Directors
Panchmahal Steel Limited

As per our Report of even date.

For CNK & Associates, LLP.
Chartered Accountants
Firm Reg. No. 101961W/W-100036

Kalpesh Parmar
Director
(DIN: 00230588)

Ashok Malhotra
Chairman & Managing Director
(DIN: 00120198)

Alok Shah
Partner
Membership No. 042005
Vadodara, 30th June, 2020

Nilesh Shah
Chief Financial Officer

Deepak Nagar
GM (Legal) & Company Secretary
Vadodara, 30th June, 2020

Registered Book - Post / Courier



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