



37th
Annual Report
2009-2010



BOARD OF DIRECTORS	: Shri Ashok Malhotra	- Chairman & Managing Director
	Shri Mohanraj M. Singhi	- Director
	Shri Nilesh Mehta	- Director
	Shri Amal Dhru	- Director
	Shri Milan Shah	- Director
	Shri Satish Kumar Gupta	- Nominee of Arcil
	Shri Rajendra R. Rajyaguru	- Nominee of GIIC
	Shri Hanish Malhotra	- Director (Marketing)
	Shri Pradeep Sharma	- Director (Operations)

SECRETARY : Shri Deepak Nagar

AUDITORS : M/s J.R.S. Patel & Co.
Chartered Accountants
Vadodara.

BANKERS : State Bank of India

REGISTERED OFFICE : G.I.D.C. Industrial Estate,
Kalol - 389 330
Dist. Panchmahals, Gujarat.

CORPORATE OFFICE : "Landmark", 7th Floor,
Race Course Circle,
Vadodara - 390 007.

**37th Annual General Meeting on Saturday, the
31st July, 2010 at 10.00 a.m. at the
Registered Office of the Company at
G.I.D.C. Industrial Estate, Kalol-389 330,
Dist. Panchmahals, (Gujarat)**

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NOTICE

Notice is hereby given that the 37th Annual General Meeting of the Members of Panchmahal Steel Limited will be held at the Registered Office of the Company at G.I.D.C. Industrial Estate, Kalol-389 330 Dist. Panchmahals (Gujarat) on Saturday, the 31st day of July, 2010 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.
2. To declare a Dividend on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Nilesh Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amal Dhru, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and for the purpose to consider and if thought fit, to pass with or without modification, the following Ordinary Resolution:

"RESOLVED THAT M/s J.R.S. Patel & Co., Chartered Accountants, the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and the Board of Directors of the Company be and are hereby authorised to fix their remuneration."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF /HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 26th day of July, 2010 to Saturday, the 31st day of July, 2010 (both days inclusive).
3. The dividend on equity shares for the financial year ended 31st March, 2010, as recommended by the Board of Directors, if declared at the meeting, will be payable to those members, holding shares in physical form, whose names appear on the Register of Members of the Company at the close of business hours on 31st July, 2010 after giving effect to all valid transfers in physical form lodged with the Company or its Registrar & Share Transfer Agent on or before 25th July, 2010 and to those beneficial owners, holding shares in electronic form, whose names appear in the statement of beneficial owners provided by the Depositories to the Company as at the close of business hours on 25th July, 2010.
4. Members holding shares in physical form are advised to update their address and bank account/ECS details with the Company's Registrar and Share Transfer Agent, MCS Limited at their office situated at Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara-390 007. Members holding shares in electronic form are requested to update these details with their respective Depository Participants (DPs).
5. SEBI vide its circular dated April 27, 2007 and May 20, 2009 has made it mandatory for every participant in the securities/capital market to furnish Income Tax Permanent Account Number (PAN) for transactions involving transfer of shares. Therefore, members holding shares in physical mode are requested to furnish their PAN along with photocopy of PAN Card to the Share Transfer Agent. Members holding shares in demat mode are requested to register the details of their PAN with their DPs.

6. Members who desire to seek any information pertaining to accounts and operations of the Company are requested to address their question/queries to the Secretary of the Company so as to reach at least seven days before the date of the Annual General Meeting to enable the Company to make the information sought available to the best extent possible.
7. Members desirous of making nomination in terms of Section 109A of the Companies Act, 1956, in respect of their shareholding may approach the Company's Registrar & Transfer Agent for obtaining prescribed form and return the same duly filled in and signed for registration with the Company.

Regd. Office :

G.I.D.C. Industrial Estate,
Kalol - 389 330,
Dist. Panchmahals (Gujarat)
Date: 31st May, 2010

By order of the Board of Directors

Deepak Nagar
AGM (Legal) & Company Secretary

Details of Director seeking Appointment/Re-appointment in forthcoming Annual General Meeting.
(in pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. Nilesh Mehta	Mr. Amal Dhru
Date of Birth	24.04.1962	17.09.1951
Date of Appointment	26.12.1997	31.01.2004
Qualifications	FCA, PGDM - IIM Ahmedabad	FCA, PGDM - IIM Ahmedabad
Expertise in specific functional areas	Wide experience in the field of Investment Banking, Private Equity & Fund related activities & Corporate Advisory services.	Finance, Accounts, Taxation & Management Consultancy
List of other Companies in which Directorship held	<ul style="list-style-type: none"> - Jyothy Laboratories Ltd. - Vikalpa Financial & Mgmt Services (P) Ltd. - Venture India Advisors (P) Ltd. - Infinity India Advisors (P) Ltd. - Aureos India Advisors (P) Ltd. - Aureos India Trustee (P) Ltd. - Accutest Research Laboratories (P) Ltd. - EIndia Venture Fund Ltd. - EIndia Venture Fund Management Ltd. - EIndia Venture Holding Company Ltd. 	<ul style="list-style-type: none"> - Sirhind Steel Ltd. - Comprehensive Finance Service Ltd. - FXB Suraksha - Urja Products (P) Ltd.
Chairman/Member of the Committees of the Board of other companies on which he is a Director	<p>Audit Committee</p> <ul style="list-style-type: none"> - Jyothy Laboratories Limited <p>Investors Grievance Committee</p> <ul style="list-style-type: none"> - Jyothy Laboratories Limited 	N.A.
No. of shares held in the Company	Nil	Nil

DIRECTORS' REPORT

To,
The Members

The Directors of your company present to you the 37th Annual Report of your Company together with the Statement of Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

(Rs. in crores)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Sales & Other Income	294.05	472.51
Total Expenditure	260.78	451.61
Operating Profit	33.27	20.90
Interest, Finance Charges & Exchange Variation	4.12	20.43
Gross Profit for the year	29.15	0.47
Depreciation	13.72	14.31
Profit before Taxation	15.43	(13.84)
Less : Provisions for Taxation	0.86	(4.99)
Profit/(Loss) before Exceptional Items	14.57	(8.85)
Less : Prior Period Adjustments	–	4.34
Profit for the year	14.57	(13.19)
Balance brought forward from the previous year	24.42	37.61
Balance available for appropriation	38.99	24.42
Appropriations:		
Transfer to Debenture Redemption Reserve	3.86	–
Transfer to General Reserve	1.10	–
Proposed Dividend	3.60	–
Tax on Proposed Dividend	0.60	–
Balance carried to Balance Sheet	29.83	24.42

OPERATIONS

The sales and other income of the Company is Rs.294.05 crores as against Rs.472.51 crores in the previous year. The operating profit is Rs.33.27 crores as compared to Rs.20.90 crores in the previous year.

The business environment continued to be challenging after the global meltdown in the previous year. However the Company's thrust on value added products and increasing the customer base is giving results and your Directors are cautiously optimistic of the future growth of the Company.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.2/- per equity share of the face value of Rs.10/- for the year ended 31st March, 2010.

FINANCIAL RESTRUCTURING

The Scheme of Compromise and/or Arrangement between the Company and its Secured Lenders was sanctioned by the Hon'ble High Court of Gujarat during the previous year. The Company is meeting its entire obligation and has made all payments to the Secured Lenders as per the terms of the Scheme.

The Board of Directors at their meeting held on 27th March, 2010 have converted 5,38,80,000 Secured Fully Convertible Debentures and have issued and allotted to Asset Restructuring Company (India) Limited (ARCIL) :

- i) 40,07,700 Equity Shares of Rs.10/- each as fully paid at a premium of Rs.152.75 per share aggregating to Rs.65,22,53,175/-.
- ii) 170, 5% Secured Non-Convertible Debentures - Series 2 (NCDs - Series 2) of the face value of Rs.1,00,000/- each of the aggregate value of Rs.1,70,00,000/-.

Further, the Board of Directors at their meeting held on 31st May, 2010 have also converted 44,50,000 Secured Fully Convertible Debentures and have issued and allotted to Life Insurance Corporation of India (LIC) :

- i) 3,31,000 Equity Shares of Rs.10/- each as fully paid at a premium of Rs.152.75 per share aggregating to Rs.5,38,70,250/-.
- ii) 14, 5% Secured Non-Convertible Debentures - Series 2 (NCDs - Series 2) of the face value of Rs.1,00,000/- each of the aggregate value of Rs.14,00,000/-.

DEPOSITS

The Company has not accepted any deposits and as such, no amount of principal or interest was outstanding as on 31st March, 2010.

STATUTORY DISCLOSURES

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

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors affirm that the audited accounts containing financial statements for the financial year 2009-10 are in full conformity with the requirements of the Companies Act, 1956. They believe that the financial statements reflect fairly, the form and substances of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These statements are audited by the statutory auditors M/s.J.R.S. Patel & Co., Chartered Accountants, Vadodara.

Your Directors further confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanations relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) the Directors have taken proper care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis.

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

DIRECTORS

Mr.Satish kumar Gupta was appointed as Nominee Director of Asset Restructuring Company (India) Limited with effect from 30th October, 2009.

In accordance with the provisions of the Companies Act, 1956 and Article 134 of the Articles of Association of the Company, Mr.Nilesh Mehta and Mr.Amal Dhru, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

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

The Auditors M/s.J.R.S. Patel & Co., Chartered Accountants, retire and offer themselves for re-appointment.

APPRECIATION

Your Directors thank the Banks, Financial Institutions, Shareholders, Customers, 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 May, 2010

Ashok Malhotra
Chairman & Managing Director

Annexure - A to Directors' Report

FORM - A

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

	<u>Year</u> <u>2009-10</u>	<u>Year</u> <u>2008-09</u>
A. Power and Fuel Consumption :		
1. Electricity		
(a) Purchased		
Units (kwh)	37119000	44665000
Total Amount (Rs.)	272221436	329759648
Rate/Unit Rs./kwh	7.33	7.38
(b) Own Generation		
(i) Through Diesel Generator		It is Emergency stand by utility
(ii) Through Steam Turbine/Generator	-	-
2. Coal	-	-
3. Furnace Oil		
Qty. (M.T.)	1962.486	2163.714
Value (Rs.)	46947161	60293993
Average Rate per Kg.(Rs.)	23.92	27.87
B. Consumption per unit of Production :		
Products		Electricity (kwh per Tonne)
Billets	789	887
Rolled Products	228	236
		Furnace Oil (Kgs. per Tonne)
Billets	12.63	21.52
Rolled Products	40.11	42.05

FORM - B

Disclosure of Particulars with Respect to Technology Absorption 2009-10.

I. Research & Development (R&D)

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

II. Technology Absorption, Adaptation and Innovation

- Efforts, in brief, made towards, Technology Absorption and Innovation :
Innovation and Technology adaptation is an integral part of Company work culture. The operating personnel work as a team for effective adaptation and absorption of technology.
- Benefits derived as a result of the above efforts :
The above efforts have resulted in improved quality and reproductibility of Company's products. It has also helped improved yields and reduced costs.
- Technology Imported during last 5 years : Nil

III. Foreign Exchange Earned and outgo :

- | | |
|------------------------------|-------------------------------------|
| i) Foreign Exchange earned : | Rs.57.62 Crores (Rs.180.22 crores) |
| ii) Foreign Exchange used : | Rs.116.46 Crores (Rs.232.29 Crores) |

For and on behalf of the Board of Directors

Place : Vadodara

Date : 31st May, 2010**Ashok Malhotra**

Chairman & Managing Director

Annexure - B to Directors' Report

Statement pursuant to Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 2010

Sr.No.	Name of the Employee	Age	Designation	Remuneration Received (Rs. in lacs)	Qualification	Experience (Years)	Date of Employment	Particular of Last employment
01	Mr. Ashok Malhotra	58	Chairman & Managing Director	103.73	B.Com.	36	01.12.1976	N.A.
02	Mr. Hanish Malhotra	34	Director (Marketing)	26.83	BBA	10	01.02.2006	N.A.
03	Mr. Pradeep Sharma	46	Director (Operations)	30.47	B.Com., LL.B.	22	20.06.1988	N.A.

Note :

- The amount of remuneration comprises salary, allowances & monetary value of perquisites to the whole-time Directors and the Company's contribution to Provident Fund & Superannuation Fund but excludes contribution to Gratuity Fund. No commission is payable to Chairman & Managing Director for the financial year ended 31st March, 2010.
- Mr. Hanish Malhotra, Director (Marketing) is a son of Mr. Ashok Malhotra, Chairman & Managing Director of the Company.
- The appointments are contractual in nature.

Annexure - C to the Directors' Report for the year ended 31st March, 2010

I Report on Corporate Governance

1. Corporate Governance Philosophy

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

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

2. Board of Directors

(i) Composition of the Board

Name of the Director	Category	Number of other		
		Director-ships	Committee Memberships	Committee Chairmanships
Mr. Ashok Malhotra	Non-Independent Executive Director	2	Nil	Nil
Mr. Nilesh Mehta	Independent Non-Executive Director	10	Nil	2
Mr. Mohanraj M. Singhi	Independent Non-Executive Director	Nil	Nil	Nil
Mr. Amal Dhru	Independent Non-Executive Director	4	Nil	Nil
Mr. Milan Shah	Independent Non-Executive Director	2	Nil	Nil
Mr. Rajendra R. Rajyaguru (GIIC Nominee)	Independent Non-Executive Director	3	2	Nil
Mr. Satish Kumar Gupta* (Arcil Nominee)	Independent Non-Executive Director	2	Nil	Nil
Mr. Hanish Malhotra	Non-Independent Executive Director	1	Nil	Nil
Mr. Pradeep Sharma	Non-Independent Executive Director	Nil	Nil	Nil

* appointed w.e.f. 30.10.2009

(ii) Board Meetings held and attendance of Directors

During the year under review, 5 (five) Board Meetings were held on 30th May, 2009, 29th July, 2009, 30th October, 2009, 28th January, 2010 & 27th March, 2010. The Thirty Sixth Annual General Meeting was held on 30th September, 2009. The attendance of each Director at these meetings was as follows:

Sr. No.	Name of the Director	No. of Board Meetings attended	Attendance at the AGM held on 30.09.2009
1	Mr. Ashok Malhotra	5	Yes
2	Mr. Nilesh Mehta	2	Yes
3	Mr. Mohanraj M. Singhi	2	No
4	Mr. Amal Dhru	4	No
5	Mr. Milan Shah	4	No
6	Mr. Rajendra R. Rajyaguru	1	No
7	Mr. Satish Kumar Gupta	2	No
8	Mr. Hanish Malhotra	5	Yes
9	Mr. Pradeep Sharma	5	Yes

3. Audit Committee

The Company has an Audit Committee at the Board level with the powers and the role that are in accordance with the requirements specified under Section 292A of the Companies Act and Clause 49 of the Listing Agreement. These inter alia include review of annual financial statement, adequacy of internal control systems and internal audit function.

Details of Audit Committee meetings held during the year April 2009 to March 2010 and the attendance of the Audit Committee Members are as follows:

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

4. Remuneration Committee

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

Terms of Reference

The remuneration and other terms of appointment of the Whole Time Directors are decided by the Board of Directors on the basis of recommendations of the Remuneration Committee and approved by the Shareholders/Central Government as may be required.

Composition of Remuneration Committee as on 31st March, 2010

The Remuneration Committee comprises three Independent Directors, including Chairman of the Committee. No meeting of the committee was held during the financial year 2010. The composition of the Remuneration Committee as on 31st March, 2010 is as under:

Sr. No.	Name	Status	Category
1	Mr. Mohanraj M. Singhi	Chairman	Independent & Non-Executive Director
2	Mr. Nilesh Mehta	Member	Independent & Non-Executive Director
3	Mr. Amal Dhru	Member	Independent & Non-Executive Director

Details of Remuneration paid to the Directors for the year ended 31st March, 2010

Remuneration of Executive Directors is decided by the Board based on recommendations of the Remuneration Committee as per the remuneration policy of the Company, within the ceiling fixed by the shareholders. The details of the remuneration paid to the Directors for the year ended March 31, 2010 are as under:

(Rs. in lacs)

Sr. No.	Name of the Director	Sitting Fees (including Committee Meetings)	Gross * Remuneration	Commission	Contribution to Provident and Superannuation Funds
1	Mr. Ashok Malhotra	Nil	96.53	Nil	7.20
2	Mr. Nilesh Mehta	0.20	Nil	Nil	Nil
3	Mr. Mohanraj M. Singhi	0.10	Nil	Nil	Nil
4	Mr. Amal Dhru	0.35	Nil	Nil	Nil
5	Mr. Milan Shah	0.55	Nil	Nil	Nil
6	Mr. Rajendra R. Rajyaguru	0.05	Nil	Nil	Nil
7	Mr. Satish Kumar Gupta	0.10	Nil	Nil	Nil
8	Mr. Hanish Malhotra	Nil	24.67	Nil	2.16
9	Mr. Pradeep Sharma	Nil	25.61	Nil	4.86

* The gross remuneration includes salary, allowances, ex-gratia and perquisites.

No commission is payable to Mr. Ashok Malhotra, Chairman & Managing Director of the Company.

5. Shareholders and Investor Grievance Committee

The Company has a Shareholders & Investor Grievance Committee at the Board level to specifically look into the redressal of the grievance, complaints and other issues concerning the shareholders/investors including transfer and transmissions of shares, issue of duplicate/consolidated/split share certificates etc.

The Shareholders & Investor Grievance Committee comprises of two Directors and is presently chaired by Mr. Milan Shah, an Independent Director. The Committee met 3 times during the year. The details of composition of the Committee and attendance at its Meetings are given below :

Name of Director	No. of Meetings	
	Held	Attended
Mr. Milan Shah, Chairman	3	3
Mr. Hanish Malhotra, Member	3	3

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

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

6. CEO/CFO Certificate

A Certificate from Chairman & Managing Director on the financial statements of the Company was placed before the Board.

7. General Body Meetings

The Annual General Meetings of the Company have been held at the following places in the last three years:

Year	Date	Time	Venue
2006-07	28.12.2007	2.00 p.m.	Regd. Office at GIDC Industrial Estate, Kalol-389 330 Dist. Panchmahals (Gujarat)
2007-08	30.09.2008	10.00 a.m.	Regd. Office at GIDC Industrial Estate, Kalol-389 330 Dist. Panchmahals (Gujarat)
2008-09	30.09.2009	10.00 a.m.	Regd. Office at GIDC Industrial Estate, Kalol-389 330 Dist. Panchmahals (Gujarat)

All special resolutions set out in the respective Notices were passed unanimously on a show of hands by the shareholders present at the meeting. No postal ballots were used/invited for voting at these meetings. None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

8. Disclosures

- There are no materially significant transactions with related party i.e. transactions of the Company of material nature with its Promoters, the Directors or the management, their subsidiaries or relatives etc. which may have potential conflict with the interests of the Company at large.

Related Party Transactions are disclosed as per Note No. 7 of Schedule - R, which in the opinion of Management may not have potential conflict with the interests of the Company at large.

- No penalties and strictures have been imposed on the Company by the Stock Exchange, SEBI or any statutory authority, on any matter related to capital market, during the last three years.

9. Means of Communication

- Financial Results are published in leading financial news papers as well as copies of the same are also being send to all the Stock Exchanges where the Shares of the Company are listed. These results are simultaneously displayed on the Company's website.

Financial Results are published normally in Indian Express and in Financial Express (Gujarati).

Website of the Company is www.panchmahalsteel.co.in

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

10. General Shareholder information

(i) 37th Annual General Meeting

Date & Time : Saturday, the 31st day of July, 2010 at 10.00 a.m.

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

(ii) Financial Calendar (tentative)

Financial reporting for the quarter ending June 30, 2010	July, 2010
Financial reporting for the quarter ending Sept.30, 2010	October, 2010
Financial reporting for the quarter ending Dec. 31, 2010	January, 2011
Financial reporting for the quarter ending March, 2011	May, 2011

(iii) Date of Book Closure

The period of Book Closure is from Monday 26th July, 2010 to Saturday 31st July, 2010, (both days inclusive).

(iv) Dividend Payment Date

The Dividend, as recommended by the Board of Directors, if declared, will be paid on or after 31st July, 2010.

Dividend, if approved, will be paid:

- to those members, holding shares in physical form, whose names appear on the Register of Members of the Company at the close of business hours on 31st July, 2010 after giving effect to all valid transfers in physical form lodged with the Company or its Registrar & Share Transfer Agent on or before 25th July, 2010; &
- to those beneficial owners, holding shares in electronic form, whose names appear in the statement of beneficial owners provided by the Depositories to the Company as at the close of business hours on 25th July, 2010.

(v) Listing on Stock Exchanges

The Equity Shares of the Company are listed at Bombay Stock Exchange Limited. The Company has paid Listing Fee for the year 2010-11 to the aforesaid Stock Exchange.

Stock Code :

The Bombay Stock Exchange Ltd. - 513511

ISIN for NSDL & CDSL - INE 798F01010

(vi) Market Price Data

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

Month	Share Price (Rs.)		Quantity Traded (No. of Shares)	BSE Index	
	High	Low		High	Low
April, 2009	48.90	28.05	1,251	11492	9546
May, 2009	96.35	51.30	2,534	14931	11621
June, 2009	125.00	72.25	5,298	15600	14017
July, 2009	97.95	69.25	741	15733	13220
August, 2009	100.95	75.35	3,584	16002	14684
September, 2009	97.20	81.00	3,533	17143	15357
October, 2009	88.90	69.65	2,059	17493	15805
November, 2009	75.70	64.75	1,172	17290	15331
December, 2009	108.45	62.10	25,119	17531	16578
January, 2010	175.00	112.50	1,06,847	17790	15982
February, 2010	171.00	146.30	15,497	16669	15652
March, 2010	180.00	151.25	12,704	17793	16438

(vii) Registrar & Share Transfer Agents

M/s MCS Limited is the Registrar & Share Transfer Agent for share registry work held both in the physical and electronic forms.

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

M/s MCS Limited
Unit - Panchmahal Steel Limited
Neelam Apartment, 88, Sampatrao Colony,
Alkapuri, Vadodara-390 007.
Phone No.: 0265-2339397, Fax No.: 0265-2341639
E-mail : mcsbaroda@iqara.net

(viii) Share Transfer System

M/s MCS Limited (RTA) process the share transfer/transmission requests on fortnightly basis. Shares lodged for transfer in the physical form are normally processed at the earliest within the statutory time frame from the date of lodgment provided the documents are complete in all respect. The Company Secretary is empowered to approve transfers and the gist are placed before the meetings of the Shareholders & Investors Grievance Committee and Board of Directors for their noting.

(ix) Distribution of Shareholding & Shareholding Pattern as on 31.03.2010

Shareholding Pattern			Distribution of Shareholding		
Category	No. of Shares	%	No. of Shares	No. of Shareholders	Shares held in each class
Promoters/Promoters Group	12000000	66.68	01 - 500	3450	391826
FII's	1000	0.01	501 - 1000	65	50936
NRIs	1305	0.01	1001 - 2000	26	35467
Mutual Funds & Banks	6100	0.03	2001 - 3000	9	23251
Bodies Corporate	5180162	28.78	3001 - 4000	5	18425
Public	808433	4.49	4001 - 5000	6	26949
			5001 - 10000	2	14400
			10001 & above	22	17435746
Total	17997000	100.00	Total	3585	17997000

(x) Dematerialisation of Shares

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

1,37,33,597 number of Equity Shares of the Company representing 76.31% of the Share Capital are dematerialised upto 31.03.2010.

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

As on the date of this Report, 77,50,000 Fully Convertible Debentures of Rs. 10/- each, allotted to GIIC Ltd. pursuant to the Scheme of Compromise and/or Arrangements are outstanding for conversion.

(xii) Plant Location

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

(xiii) Address for Correspondence

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

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

E-mail : dnagar@panchmahalsteel.co.in

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

Declaration by the Chairman & Managing Director

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

To,
The Members of
Panchmahal Steel Limited

I, Ashok Malhotra, Chairman & Managing Director of the Panchmahal Steel Limited hereby declare that all Directors and Senior Management Personnel have affirmed compliance with code of conduct as applicable to them in respect of the financial year 2009-10.

Place : Vadodara
Date : 31st May, 2010.

Ashok Malhotra
Chairman & Managing Director

II. Management Discussion and Analysis Report

Industry Structure, Developments and Outlook

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

The global financial meltdown in 2008 resulted in sudden and unexpected decline in demand across industry segments the world over. The business environment continues to be challenging with high volatilities in prices of all commodities including metals. While the Governments world over are attempting to restore order and bring stability, businesses still have to cope with uncertainties.

However, the Company is well geared to meet the challenges of the new business environment and the management is cautiously optimistic of a bright future for the Company.

Internal control systems

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

Human Resources

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

For and on behalf of the Board of Directors

Place : Vadodara
Date : 31st May, 2010.

Ashok Malhotra
Chairman & Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Panchmahal Steel Limited

We have examined the compliance of conditions of Corporate Governance by Panchmahal Steel Limited for the financial year 2009-10, as stipulated in Clause 49 of Listing Agreement entered into by the said Company with the stock exchanges.

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

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

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

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

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

Place : Vadodara
Date : 31st May 2010.

Kalpesh Parmar
Partner
Membership No. 103887

AUDITORS' REPORT

To
The Members of
PANCHMAHAL STEEL LIMITED

1. We have audited the attached Balance Sheet of **PANCHMAHAL STEEL LIMITED** as at 31st March, 2010, Profit and Loss Account and also Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Statement on Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report generally comply with the applicable mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v) On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director, in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 ;
- (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date ; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Vadodara
Date : 31st May, 2010

Kalpesh Parmar
Partner
Membership No. 103887

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2010 OF PANCHMAHAL STEEL LIMITED, KALOL.

1. In respect of its Fixed Assets :
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.
 - (b) The Company carries out physical verification of fixed assets under a phased programme of verification at reasonable intervals, which in our opinion is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) In our opinion, the fixed assets disposed off do not constitute substantial part of the fixed assets of the Company and such disposal has, as such not affected the going concern status of the Company.
2.
 - (a) As explained to us, the inventories have been physically verified by the management during the year at reasonable intervals other than material in transit and lying with branches and consignment agent/stockist, which have been substantially confirmed by them. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of records of inventory, in our opinion, the Company has maintained proper records of its inventories. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventory as compared to the book records.
3. Loans granted/taken by the Company:
 - (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in register maintained under Section 301 of the Companies Act, 1956.
 - (b) Since the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, therefore, sub-clauses (b), (c) and (d) of (iii) of the said Order are not applicable.
 - (c) The Company has not taken any unsecured loans from companies, firms or other parties listed in register maintained under Section 301 of the Companies Act, 1956.
 - (d) Since the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, therefore, sub-clauses (e), (f) and (g) of (iii) of the said Order are not applicable.
4. In our opinion and according to explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control systems.
5. In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Act during the year that need to be entered in the register maintained under that Section. Accordingly clause (v) (b) of paragraph 4 of the Order is not applicable to the company for the current year.
6. In our opinion and according to the information and explanations given to us the Company has not accepted any deposits from the public during the year and hence the question of complying with the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under and the directives issued by the Reserve Bank of India, wherever applicable, does not arise.
7. On the basis of the internal audit reports broadly reviewed by us, we are of the opinion that, the Company has an adequate internal audit system commensurate with the size and nature of its business.
8. On the basis of the records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209(1)(d) of the Companies Act, 1956, have been made and maintained by the Company. However, we are not required to carry out and have not carried out any detailed examination of such records and accounts.
9. According to the information and explanations given to us in respect of statutory and other dues :
 - (a) The Company is generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other Statutory dues with the appropriate authorities during the year.

- (b) According to the information and explanations given to us and on the basis of records produced before us by the Company, the details of disputed Income Tax/Custom Duty/Excise Duty/Service Tax which have not been deposited as on 31st March, 2010 are given below:

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	57.42	Gujarat High Court
The Central Excise Act, 1944	Excise Duty	5.05	CESTAT, Mumbai
The Central Excise Act, 1944	Excise Duty	21.00	CEGAT, Mumbai
The Central Excise Act, 1944	Excise Duty	4.20	Commissioner (Appeals)
Finance Act, 1994 (Service Tax Provision)	Service Tax	1.95	Commissioner (Appeals)
Finance Act, 1994 (Service Tax Provision)	Service Tax	26.85	CESTAT, Ahmedabad.
The Custom Act, 1962	Custom Duty	70.54	CESTAT, Mumbai.
Income Tax Act, 1961	Interest on Income Tax	73.74	The Chief Commissioner of Income Tax, Baroda

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to banks, debenture holders and Financial Institutions.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities debentures and other investments. Accordingly, the provisions of clauses 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, the requirements of Clause 4(xiv) of the Order, to comment on whether the terms and conditions, whereof are prejudicial to the interest of the Company, is not applicable.
16. The Company has not taken any term loans during the year.
17. On the basis of the information and explanations given to us and on an overall examination of the Cash Flow and Balance Sheet of the Company as at the end of the year, funds raised on short term basis have, prime facie, not being used for long term investment.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties or companies covered in the Register maintained under Section 301 of Companies Act, 1956.
19. According to the information and explanations given to us and the records examined by us, the Company has created securities in respect of debentures issued and outstanding as at the end of the year.
20. According to the information and explanations given to us, the Company has not made any public issues during the year and therefore the question of disclosing the end use of money does not arise.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **JRS Patel & Co.**
Chartered Accountants,
Firm Regn. No.107709W

Place : Vadodara
Date : 31st May, 2010

Kalpesh Parmar
Partner
Membership No. 103887

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees	31.03.2010 Rupees	Rupees	31.03.2009 Rupees
<u>SOURCES OF FUNDS</u>					
Shareholders' Funds					
Share Capital	A	180,017,900		139,940,900	
Reserves & Surplus	B	1,006,790,498		421,302,255	
			1,186,808,398		561,243,155
Loan Funds					
Secured Loans	C		713,783,269		1,367,242,097
Total			1,900,591,667		1,928,485,252
<u>APPLICATION OF FUNDS</u>					
Fixed Assets					
Gross Block (At Cost)	D	2,200,487,979		2,172,875,475	
Less: Depreciation		867,884,243		736,380,990	
Net Block		1,332,603,736		1,436,494,485	
Capital Work in Progress		3,203,188		12,965,463	
			1,335,806,924		1,449,459,948
Deferred Tax Assets (Net)			110,277,515		118,651,103
Investments	E		5,025		5,025
Current Assets, Loans and Advances					
Inventories	F	1,080,716,645		823,511,885	
Sundry Debtors	G	260,802,693		228,241,463	
Cash and Bank Balances	H	47,394,336		77,587,347	
Loans and Advances	I	193,049,303		203,754,600	
		1,581,962,977		1,333,095,295	
Less:					
Current Liabilities and Provisions					
Current Liabilities	J	1,024,704,492		912,142,068	
Provisions		102,756,282		60,584,051	
		1,127,460,774		972,726,119	
Net Current Assets			454,502,203		360,369,176
Total			1,900,591,667		1,928,485,252
Notes to Accounts					
	R				

The Schedules referred to above and Notes to Accounts form an integral part of the Balance Sheet.

As per our Report of even date attached

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

Ashok Malhotra
Chairman and Managing Director

Pradeep Sharma
Director (Operations)

Kalpesh Parmar
Partner
Membership No. 103887
Vadodara, 31st May, 2010

Pradip H. Gupta
Vice President (Finance)

Deepak Nagar
AGM (Legal) & Company Secretary

Vadodara, 31st May, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rupees	31.03.2010 Rupees	Rupees	31.03.2009 Rupees
INCOME					
Gross Sales/ Income from Operations	K	3,113,009,993		5,077,957,635	
Less : Excise Duty		188,655,434		371,494,057	
			2,924,354,559		4,706,463,578
Other Income	L	16,156,932			18,663,366
Increase/(Decrease) in Finished Goods Stock	M	209,606,632			(131,765,247)
TOTAL			3,150,118,123		4,593,361,697
EXPENDITURE					
Raw Materials Consumed		1,989,320,310		3,441,129,200	
Manufacturing and Operating Cost	N	579,052,926		719,617,191	
Excise Duty on Finished Goods		25,506,080		(30,940,321)	
Employment Cost	O	151,221,672		133,955,172	
Administrative, General and Selling Expenses	P	72,353,153		120,609,252	
Interest, Finance Charges & Exchange Variation	Q	41,197,269		204,313,924	
Depreciation		137,168,563		143,116,120	
TOTAL			2,995,819,973		4,731,800,538
Profit/ (Loss) for the Year before Tax			154,298,150		(138,438,841)
Less: Provision for Taxation					
Income Tax		26,222,971		–	
MAT Credit Entitlement		(26,222,971)		–	
Deferred Tax		8,373,588		(61,745,554)	
Fringe Benefit Tax		–		1,027,917	
Wealth Tax		189,705		109,270	
Income Tax for earlier years'		–		10,640,912	
			8,563,293		(49,967,455)
Profit/ (Loss) before Exceptional Item			145,734,857		(88,471,386)
Less: Prior Period adjustments (net)			–		43,392,645
Net Profit/ (Loss) for the year			145,734,857		(131,864,031)
Balance brought forward from previous year			244,208,720		376,072,751
Net Profit available for Appropriation			389,943,577		244,208,720
APPROPRIATIONS:					
Transfer to Debenture Redemption Reserve		38,650,000		–	
Transfer to General Reserve		11,000,000		–	
Proposed Dividend		35,994,000		–	
Tax on Proposed Dividend		5,978,154		–	
			91,622,154		–
Balance carried to Balance Sheet			298,321,423		244,208,720
Basic Earnings per Share -(Face Value Rs.10/- per share)			10.377		–
Diluted Earnings per Share -(Face Value Rs.10/- per share)			10.375		–
Notes to Accounts	R				

The Schedules referred to above and Notes to Accounts form an integral part of the Profit and Loss Account.

As per our Report of even date attached

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

Ashok Malhotra
Chairman and Managing Director

Pradeep Sharma
Director (Operations)

Kalpesh Parmar
Partner
Membership No. 103887
Vadodara, 31st May, 2010

Pradip H. Gupta
Vice President (Finance)

Deepak Nagar
AGM (Legal) & Company Secretary

Vadodara, 31st May, 2010

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2009-10

	Year ended 31.03.2010	(Amt. in Rs.) Year ended 31.03.2009
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before Tax and Extraordinary Items	154,298,150	(138,438,841)
Adjustments for :		
Depreciation	137,168,563	143,116,120
Provision for Doubtful Debts	142,986	0
Interest, Finance Charges	94,935,041	93,497,633
Prior period adjustments	0	(43,392,645)
Loss on Disposal of Fixed Assets	91,700	4,508,392
(Profit) / Loss on sale of Fixed Assets	(1,267,266)	(450,461)
Interest Received	(7,849,395)	(15,268,420)
Operating Profit before Working Capital Changes	377,519,779	43,571,778
Changes in :		
Inventories	(257,204,760)	255,426,245
Trade Receivables	(32,704,215)	70,920,771
Other Receivables	48,409,941	(1,136,651)
Trade Payables and Other Liabilities	112,572,796	(144,763,966)
Cash Generated from Operation	248,593,541	224,018,177
Direct Taxes Paid	(34,567,895)	(24,898,182)
Net Cash From Operating Activities	...A 214,025,646	199,119,995
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(25,086,570)	(52,764,580)
Sale of Fixed Assets	2,746,596	3,530,700
Interest Received	4,712,646	14,268,477
Net Cash (Used in) / from Investing Activities	...B (17,627,328)	(34,965,403)
C. Cash Flow from Financing Activities		
Proceeds / (Repayment) of Term Debts	(936,600,000)	(179,000,750)
Proceeds / (Repayment) of Debentures (Net)	276,600,000	-
Changes in Working Capital Advances	2,698,909	187,700,601
Repayment of Unsecured Loan	0	(36,000,000)
Interest and Finance Charges Paid	(91,092,778)	(101,773,540)
Proceeds from Issue of Shares (including premium)	652,253,175	-
Premium paid on Redemption of Debentures	(130,450,635)	-
Net Cash (Used in)/ from Financing Activities	...C (226,591,329)	(129,073,689)
Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(30,193,011)	35,080,903
Cash and Cash equivalents at the beginning of the year		
Cash on Hand	329,846	235,920
Balance with Banks in Current, Margin and Deposits Accounts	77,257,501	42,270,524
	77,587,347	42,506,444
Cash and Cash equivalents at the closing of the year		
Cash on Hand	189,648	329,846
Balance with Banks in Current, Margin and Deposits Accounts	47,204,688	77,257,501
	47,394,336	77,587,347
Net Increase/(Decrease) as disclosed above	(30,193,011)	35,080,903

The schedules referred above and notes to accounts form an integral part of Cash Flow statement.

As per our Report of even date attached

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

Ashok Malhotra
Chairman and Managing Director

Pradeep Sharma
Director (Operations)

Kalpesh Parmar
Partner
Membership No. 103887
Vadodara, 31st May, 2010.

Pradip H. Gupta
Vice President (Finance)

Deepak Nagar
AGM (Legal) & Company Secretary

Vadodara, 31st May, 2010.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010		31.03.2009
	Rupees	Rupees	Rupees Rupees
SCHEDULE - A			
SHARE CAPITAL			
Authorised			
400,00,000 Equity Shares of Rs.10/- each (400,00,000)	400,000,000		400,000,000 <u>400,000,000</u>
Issued, Subscribed & Paid up			
179,97,000 Equity Shares of Rs.10/- each fully paid up. (139,89,300)	179,970,000		139,893,000
Of the above :			
40,07,700 (Previous Year - Nil) Equity Shares of Rs.10/- each allotted on conversion of FCDs pursuant to a Scheme of Compromise and/or Arrangement.			
Add : Forfeited Equity Shares			
5,600 Forfeited Equity Shares (Paid up Rs.3/-)	16,800		16,800
4,600 Forfeited Equity Shares (Paid up Rs.6/-)	27,600		27,600
500 Forfeited Equity Shares (Paid up Rs.7/-)	3,500		3,500
	180,017,900		<u>139,940,900</u>
SCHEDULE - B			
RESERVES AND SURPLUS			
Capital Reserve			
As per Previous Balance Sheet	17,523,435		17,523,435
Share Premium Account			
As per Previous Balance Sheet (including Rs.4,26,100/- on Forfeited Shares)	159,570,100	159,570,100	
Less: Premium on Redemption of Debentures	(130,450,635)	-	
	29,119,465	<u>159,570,100</u>	
Add: Premium on Conversion of Fully Convertible Debentures (FCD)	612,176,175	-	159,570,100
	641,295,640	-	
Debenture Redemption Reserve			
Set aside during the Year	38,650,000	-	-
	38,650,000	-	
General Reserve			
Transfer from Profit & Loss Account	11,000,000	-	-
	11,000,000	-	
Balance in Profit and Loss Account			
	298,321,423		244,208,720
	1,006,790,498		<u>421,302,255</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	Rupees	31.03.2010 Rupees	Rupees	31.03.2009 Rupees
SCHEDULE - C				
<u>SECURED LOANS</u>				
A. Term Debts				
i. Asset Reconstruction Co. (India) Ltd. (ARCIL)	-		763,800,000	
ii. Gujarat Industrial Investment Corp. Ltd (GIIC)	-		110,500,000	
iii. Life Insurance Corporation of India (LIC)	-		62,300,000	
		-		936,600,000
B. Debentures				
i. Non-Convertible Debentures (NCD - Series 1)	137,600,000		-	
ii. 5% Non-Convertible Debentures (NCD-Series 2)	17,000,000		-	
iii. Fully-Convertible Debentures (FCD)	122,000,000		-	
iv. Interest Accrued but not due	3,821,888		-	
		280,421,888		-
C. Working Capital Advances				
State Bank of India (SBI) :				
Cash Credit	343,560,067		312,937,256	
Bills Discounting	29,383,428		37,307,330	
Export Packing Credit	60,000,000		80,000,000	
Interest Outstanding	417,886		397,511	
		433,361,381		430,642,097
		<u>713,783,269</u>		<u>1,367,242,097</u>

Notes :

- The Debentures are secured by first pari passu charge over all the immovable and movable properties of the Company situated at the Registered Office of the Company at Kalol, District Panchmahals (Gujarat) and all movable properties, subject to the prior charge of working capital lenders over current assets, in favour of M/s Axis Trustee Services Limited, the Debenture Trustees appointed for the benefit of the Debenture Holders. The Non-Convertible Debentures (NCDs -Series1) and Fully Convertible Debentures (FCDs) are redeemable/convertible into equity shares of the Company on or before 30th November, 2010. The 5%Non-Convertible Debentures - Series 2 (NCDs - Series2) along with coupon rate are redeemable in 12 equal quarterly installments over a period of 3 years commencing June 30, 2010.
- The Working Capital Advances from State Bank of India are secured by first charge over the current assets, second charge over the immovable properties and is further guaranteed by Director of the Company.

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010
SCHEDULE - D
FIXED ASSETS

Particulars of Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.09	Addition during the year	Sales/ Adjust- ment (Cost)	As at 31.03.10	Up to 01.04.09	Provided during the year	Sales/ Adjust- ment	Upto 31.03.10	As at 31.03.10	As at 31.03.09
Leasehold Land	2794105	-	-	2794105	295176	28223	-	323399	2470706	2498929
Free-hold Land and Land Development	4169402	-	-	4169402	-	-	-	-	4169402	4169402
Building	94587395	56260	-	94643655	33463217	2218260	-	35681477	58962178	61124178
Plant & Machinery	2002309933	22789157	3147718	2021951372	669797607	128638108	2273771	796161944	1225789428	1332512326
Furniture & Fittings	40255755	2095806	3053194	39298366	21612980	3962676	2858723	22716933	16581433	18642775
Motor Vehicles	28758884	9907622	1035428	37631078	11212010	2321296	532816	13000490	24630588	17546874
Total	2172875475	34848845	(7236340)	2200487979	736380990	137168563	(5665310)	867884243	1332603736	1436494485
Capital WIP									3203188	12965463
Previous Year	1956815564	234992153	(18932242)	2172875475	604608481	143116120	(11343611)	736380990	1436494485	1352207083

31.03.2010
 Rupees Rupees Rupees 31.03.2009
 Rupees Rupees

SCHEDULE - E
INVESTMENTS (LONG TERM) - AT COST

IN EQUITY SHARES (Unquoted - Fully paid up)

(1) Kalol Urban Co-Operative Bank Ltd. Equity Share of Rs.25/- each.	25	25
(2) Landmark Premises Co-Op. Service Soc. Ltd. 40 Shares of Rs.50/- each	2,000	2000
	<u>2,025</u>	<u>2,025</u>

IN GOVT. SECURITIES (Unquoted)

6 Years National Savings Certificate - VIII th series (lodged with Govt. Dept. as Security Deposit)	3,000	3000
	<u>5,025</u>	<u>5,025</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010		31.03.2009
	Rupees	Rupees	Rupees Rupees
SCHEDULE - F			
INVENTORIES			
(As Verified, Valued and Certified by the Management)			
Raw Materials	323,754,313		267,420,299
Production Stores	55,560,504		65,155,092
General Stores and Spares	68,346,595		67,487,893
Finished Goods	633,055,233		423,448,601
	<u>1,080,716,645</u>		<u>823,511,885</u>
SCHEDULE - G			
SUNDRY DEBTORS			
Unsecured			
Debts exceeding six months			
(i) Considered Good	3,226,130		6,003,081
(ii) Considered Doubtful	1,507,631		1,364,645
	<u>4,733,761</u>		7,367,726
Less : Provision for Doubtful Debts	<u>(1,507,631)</u>	3,226,130	<u>(1,364,645)</u>
			6,003,081
Others Debts *			
(i) Considered Good	256,781,648		222,238,382
(ii) Considered Doubtful	794,915		—
	<u>257,576,563</u>		<u>222,238,382</u>
	<u>260,802,693</u>		<u>228,241,463</u>
* Including Bills Discounted with Banks amounting to Rs.293.83 lacs (Previous year Rs.373.07 lacs).			
SCHEDULE - H			
CASH AND BANK BALANCES			
(i) Cash on hand		189,648	329,846
(ii) Bank Balances with Scheduled Banks			
in Current Accounts	5,894,688		2,257,501
in Fixed Deposits (Margin Money)	41,310,000		75,000,000
		<u>47,204,688</u>	<u>77,257,501</u>
		<u>47,394,336</u>	<u>77,587,347</u>
SCHEDULE - I			
LOANS AND ADVANCES			
Advances recoverable in cash or in kind or for value to be received including Rs.37,08,049/- for Capital Expenditure (Previous Year Rs.19,91,981/-)			
Unsecured, considered Good		82,896,501	40,407,944
Balance with Custom and Excise Department		61,054,919	49,914,024
Deposits		36,468,647	109,148,320
Advance Tax and Tax deducted at Source (Net of Provision)		12,629,236	4,284,312
		<u>193,049,303</u>	<u>203,754,600</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	31.03.2010	31.03.2009
	Rupees	Rupees
SCHEDULE - J		
<u>CURRENT LIABILITIES AND PROVISIONS</u>		
Current Liabilities		
Bills Payable	432,206,561	410,909,504
Sundry Creditors :		
- Due to Micro, Small & Medium Enterprises	4,054,946	10,061,129
- Others	<u>483,487,882</u>	<u>374,772,689</u>
	487,542,828	384,833,818
Other Liabilities	<u>104,955,103</u>	<u>116,398,746</u>
	1,024,704,492	912,142,068
Provisions		
Proposed Dividend	35,994,000	-
Tax on Proposed Dividend	5,978,154	-
Leave Encashment	8,236,773	8,298,891
Provident Fund	788,507	716,017
Interest	51,459,873	51,459,873
Wealth Tax	<u>298,975</u>	<u>109,270</u>
	<u>102,756,282</u>	<u>60,584,051</u>
	<u>1,127,460,774</u>	<u>972,726,119</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31.03.2010	31.03.2009
	Rupees	Rupees
SCHEDULE - K		
GROSS SALES/ INCOME FROM OPERATIONS		
Sales (Net of Returns)		
(a) Domestic Sales	2,422,366,380	3,173,771,379
(b) Export Sales	586,862,001	1,838,525,701
	<u>3,009,228,381</u>	5,012,297,080
Trading Sales	–	453,691
Income from Job Work	80,184,013	15,626,434
(Tax Deducted at Source Rs.14,63,509/- Prev. year Rs.3,00,822/-)		
Export Incentives	23,597,599	49,580,430
	<u>3,113,009,993</u>	<u>5,077,957,635</u>
SCHEDULE - L		
OTHER INCOME		
Miscellaneous Sales	1,450,825	2,516,860
Miscellaneous Income	118,372	427,625
Interest Income	7,849,395	15,268,420
(Tax Deducted at Source Rs.20,94,364/- Prev. year Rs.8,71,090/-)		
Profit on Sale of Assets	1,267,266	450,461
E.C.G.C. Insurance claim	5,471,074	–
	<u>16,156,932</u>	<u>18,663,366</u>
SCHEDULE - M		
VARIATION IN FINISHED GOODS STOCK		
Closing Stock	633,055,233	423,448,601
Less : Opening Stock	423,448,601	555,213,848
Increase/(Decrease) in Finished Goods Stock	<u>209,606,632</u>	<u>(131,765,247)</u>
SCHEDULE - N		
MANUFACTURING AND OPERATING COST		
Stores, Spares and Production Materials Consumed	208,167,140	255,790,593
Power and Fuel	359,553,662	445,799,737
Repairs and Maintenance :		
Buildings	166,427	815,466
Plant & Machineries	6,482,254	11,848,758
	<u>6,648,681</u>	12,664,224
Other Manufacturing Expenses	4,683,443	5,362,637
	<u>579,052,926</u>	<u>719,617,191</u>
SCHEDULE - O		
EMPLOYMENT COST		
Salaries and Wages	138,332,047	117,903,260
Contribution to Provident Fund and E.S.I.C.	10,837,233	13,216,533
Staff Welfare Expenses	2,052,392	2,835,379
	<u>151,221,672</u>	<u>133,955,172</u>

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31.03.2010	30.03.2009
	Rupees	Rupees
SCHEDULE - P		
<u>ADMINISTRATIVE, GENERAL AND SELLING EXPENSES</u>		
Administrative and General Expenses :		
Rent, Rates and Taxes	2,498,420	2,344,886
Insurance Charges	714,488	1,078,904
Legal and Professional Fees	3,190,129	4,252,722
Auditors' Remuneration	691,006	684,883
Travelling and Conveyance	4,913,131	4,214,106
Vehicle Expenses	3,461,677	3,535,048
Communication Expenses	2,337,654	2,468,371
Printing and Stationery Expenses	1,063,882	960,151
Advertisement, Subscription & Membership	979,807	1,115,460
Repairs & Maintenance - Others	1,998,835	1,779,818
Electrical Expenses	837,198	979,348
Other Administrative Expenses	1,581,974	1,708,956
Advances written-off	225,000	-
Loss on disposal of Assets	91,700	4,508,392
Charities and Donations	100,501	250,000
	<u>24,685,402</u>	<u>29,881,045</u>
Selling Expenses :		
Carriage Outward	32,518,978	70,485,944
Commission on Sales	3,373,844	8,516,310
Discounts and Claims	1,929,553	2,896,641
Marine & E.C.G.C. Insurance	1,848,180	4,077,994
Bad Debts	212,932	-
Provision for Doubtful Debts	142,986	-
Other Selling Expenses	7,641,278	4,751,318
	<u>47,667,751</u>	<u>90,728,207</u>
	<u><u>72,353,153</u></u>	<u><u>120,609,252</u></u>
SCHEDULE - Q		
<u>INTEREST, FINANCE CHARGES AND EXCHANGE VARIATION</u>		
Interest on Term Debts	10,118,680	11,714,061
Interest on Working Capital Advances	46,295,267	35,595,902
Other Interest	190,256	2,482,312
Bank Commission & Charges	38,330,838	43,705,358
Exchange Variation	(53,737,772)	110,816,291
	<u>41,197,269</u>	<u>204,313,924</u>

SCHEDULE - R**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.****1) Significant Accounting Policies :****a) Basis of Accounting :**

The financial statements are prepared under the historical cost convention, on the basis of a going concern in accordance with the generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the relevant provisions of the Companies Act, 1956. The Company generally follows accrual System of Accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties or stated otherwise.

b) Fixed Assets and Depreciation :

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

ii) Depreciation and Amortization :

- ◆ Lease hold Land: Premium on leasehold land is amortized over the period of lease.
- ◆ Other Fixed Assets :
 1. Depreciation has been calculated for the year on all other fixed assets of the Company on Straight Line Method at the rates as specified in Schedule XIV to the Companies Act, 1956.
 2. In respect of additions to/deletions from the Fixed Assets, on pro rata basis with reference to the date of addition/ deletion of the Assets.

iii) Expenditure during Implementation of Projects :

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

iv) Capital Work-in-Progress :

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

c) Investments :

Long Term Investments are stated at cost less permanent diminution in value, if any.

d) Inventories :

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

e) Revenue Recognition :

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

f) Employee Benefits :

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

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

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

g) Borrowing Costs :

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

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

h) Foreign Currency Transactions :

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

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

i) Taxation:

Tax expenses comprise current, deferred and fringe benefit tax.

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

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

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

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

Fringe Benefit Tax is provided in accordance with the provisions of the Income Tax Act, 1961.

j) Impairment of Assets :

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

k) Earnings per share:

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

l) Provisions, Contingent Liabilities and Contingent Assets:

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

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

The Company has amounts due to suppliers under MSMED as at 31st March, 2010. The disclosure pursuant to the said Act is as under:

	Amount-(Rs. in lacs)	
	31.03.2010	31.03.2009
Principal amount due to suppliers under MSMED	40.55	100.61
Interest accrued and due to suppliers under MSMED on the above amount, unpaid	0.17	1.88
Payment made to suppliers (other than interest) beyond the appointed day during the year	192.46	335.45
Interest paid to suppliers under MSMED	Nil	Nil
Interest due & payable towards suppliers under MSMED Act towards payment already made	7.66	10.15

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

3) (A) Managerial Remuneration :

	Amount - Rs.in lacs	
	31.03.2010	31.03.2009
I. Directors Sitting Fee	1.35	2.00
II. Other Remuneration:		
Salary and House Rent Allowance	124.80	114.58
Commission	Nil	Nil
Company Contribution to Provident & Superannuation Funds	14.22	11.81
Other Perquisites (valued as per Income Tax Rules)	22.02	18.57
Sub-Total (II)	161.04	144.96
Total (I+II)	162.39	146.96

Remuneration to the Managing Director and Whole time Directors has been paid in terms of approval of shareholders/ Central Government to the said appointments.

4) Contingent Liabilities not provided for :

	Amount - Rs. in Lacs	
	31.03.2010	31.03.2009
a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of Advances)	121.94	63.55
b) Letter of Credits Outstanding	278.00	551.72
c) Claims against Company not acknowledged as debts	185.82	208.02
d) Disputed Excise, Custom & Service Tax Liabilities	187.02	189.92
e) Disputed Income Tax Liabilities	269.68	484.42

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

- 5) Free-hold Land & Staff Executive Building include shares of Rs.750/- (Previous year Rs.750/-) held in Co-operative Societies, which are in the name of nominees of the Company.
- 6) Balances of some of the Debtors, Creditors and Loans of the Company are subject to confirmation and Company is in the process of obtaining the same.

7) Related Party Disclosures (As identified by the Management)

A. List of Related Parties

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

B. Related Party /Key Management Personnel Transactions

- i] Associate
- Deposit received : Rs. Nil (75.00) lacs
Deposit paid : Rs. Nil (335.00) lacs
Interest : Rs. Nil (15.19) lacs
- ii) Key Management Personnel
- Gross Remuneration : Rs.161.04 (144.96) lacs
- iii) Relative of Key Management Personnel :
- Gross Remuneration : Rs. 4.54 (4.49) lacs

8) Segment Disclosures :

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

9) Deferred Tax :

Deferred Tax components are as under:

(Rs. in lacs)

		31.03.2010	31.03.2009
a)	Deferred Tax Liability :		
	(i) Difference in Tax & Book Depreciation	397.23	112.69
b)	Deferred Tax Assets :		
	(i) on account of Unabsorbed Depreciation	1390.43	1055.16
	(ii) on account of disallowances u/s 43-B	109.57	244.04
	Net Deferred Tax Assets	1102.77	1186.51

10) Financial Restructuring

The Company has fully implemented the Scheme of Compromise and/or Arrangement as approved by Hon`ble High Court of Gujarat.

The matter related to dissenting creditor is pending before the Hon`ble High Court of Gujarat.

11) Details of Earnings Per Share:

		Unit	Year ended 31.03.2010	Year ended 31.03.2009
a)	Amount used as Numerator (Profit after Provision for Taxes)	Rs.in'000 s	145735	(131864)
b)	Weighted average number of Equity Shares used as the denominator (Basic)	Nos. in '000 s	14044	13989
c)	Weighted average number of Equity Shares used as the denominator (Diluted)	Nos. in '000 s	14047	13989
d)	Nominal Value Per Share	Rs.	10.00	10.00
e)	Earnings per Share (Basic)	Rs.	10.377	Nil
f)	Earnings per Share (Diluted)	Rs.	10.375	Nil

12) (a) Registered/Installed Capacity, Production :

Class of Goods	Units	Registered Capacity	Installed Capacity (As certified by the Managing Director)	Production
Steel Billets	M.T.	150,000 (150,000)	150,000 (150,000)	28,946 (32,835)
Bars, Rods, Coils & Wires	M.T.	150,000 (150,000)	72,000 (72,000)	37,762* (31,837)*
Oxygen Gas	M3	3,000,000 (3,000,000)	3,000,000 (3,000,000)	0 (991,050)
Nitrogen Gas	M3	10,000,000 (10,000,000)	10,000,000 (10,000,000)	0 (822,730)

* Include Job work Production 10649 M.T. (1163 M.T.)

(b) Production, Sales and Stocks:

Class of Goods	Opening Stock		Production Qty.	Pur./Job From Market		Sales		Job/Own Consumption		Closing Stock	
	Qty.	Value Rs. in lacs		Qty.	Qty.	Qty.	Value Rs. in lacs	Qty.	Qty.	Value Rs. in lacs	
Steel Billets	1481	1429.35	28946	53	0	0.00	28245	2235	2071.51		
Qty.											
M.T.	(932)	(1053.33)	(32835)	(0)	(215)	(252.53)	(32072)	(1481)	(1429.35)		
Bars, Rods, Coils & Wires	2502	2798.78	37762*	0	24355	30082.86	1630	3630	4259.04		
Qty.											
M.T.	(3206)	(4487.85)	(31837)	(2)	(29300)	(49870.44)	(2080)	(2502)	(2798.78)		
* Include Job work Prod. 10649 M.T. (Previous Year 1163 M.T.)											
Oxygen Gas	27912	2.26	0	1967453	–	–	1985070	10295	0.84		
Qty.											
M ³	(36953)	(2.88)	(991050)	(1296180)	(Nil)	(Nil)	(2296271)	(27912)	(2.26)		
Nitrogen Gas	16151	1.31	0	1454710	–	–	1465921	4940	0.40		
Qty.											
M ³	(9715)	(0.74)	(822730)	(1194111)	(Nil)	(Nil)	(2010405)	(16151)	(1.31)		

Note 1. Figures in the bracket are for previous year.

Note 2. Quantity for item Sr. Nos. 1 & 2 are in MT and for Sr. Nos. 3 & 4 are in M³

(c) Raw Materials Consumed:

Description (Principal Items)	Year 2009-2010		Year 2008-2009	
	Qty. (M.T.)	Value (in Rs.)	Qty. (M.T.)	Value (in Rs.)
Scrap *	21430	541990777	21318	1211976665
Nickel/Ferro Nickel	1250	868172783	3260	1313638850
Ferro Chrome	6260	327498177	6211	492765813
Others		251658573		422747872
Total		1989320310		3441129200

*excluding internal arising

(d) Total Value of Imported and Indigenous Raw Materials and Parts Consumed and percentage to total consumption:

Raw Materials	Value (Rs.)	%	Value (Rs.)	%
Imported	1145945483	57.60	2361146850*	68.62
Indigenous	843374827	42.40	1079982350	31.38
Total	1989320310	100.00	3441129200	100.00

*including consumption of traded materials of Rs.Nil (P.Y. Rs.3,91,677/-)

Production Materials & Stores & Spares	Value (Rs.)	%	Value (Rs.)	%
Imported	58148790	27.93	30907883	12.08
Indigenous	150018350	72.07	224882710	87.92
Total	208167140	100.00	255790593	100.00

(e) Expenditure in Foreign Currency:

(in Rs.)

	Year 2009-10	Year 2008-09
<u>CIF Value of Imports</u>		
Raw Materials	1105481648	2253001421
Production Materials and Stores & Spares	50489479	56243000
Capital Equipments	Nil	1064010
<u>Other Expenditure</u>		
On Foreign Travelling	985997	1128723
Foreign Bank Charges	665524	1597569
On Professional Fees Subscription & Books etc.	706320	441702
Commission on Export Sales	2773783	5858591
Discounts & Claims	1435706	2380570
On Foreign Exhibitions	2058382	1159784

(f) Foreign Exchange Earned:

FOB Value of Exports	576156607	1802166878
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(g) Auditors' Remuneration:

<u>Statutory Auditors</u>		
1. Audit Fees	425000	425000
2. Tax Audit Fees	75000	75000
3. Taxation Matters	50000	50000
4. Out of Pocket Expenses	21424	16306
<u>Cost Auditors</u>		
1. Cost Audit Fees	100000	100000
2. Out of Pocket expenses	19582	18577

13) Previous year's figures have been recast and regrouped wherever necessary to conform to current year's classification.

14) Balance Sheet Abstract and Company's General Business Profile:**I. Registration Details**

CIN	:	L27104GJ1972PLC002153
Registration No.	:	2153
State Code	:	04
Balance Sheet Date	:	31.03.2010

II. Capital Raised during the year (Amount in Rs. '000)

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement (FCD - Conversion)	:	40077

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities	:	1900592
Total Assets	:	1900592

Sources of Funds

Paid-up Capital	:	180018
Reserves & Surplus	:	1006791
Secured Loans	:	713783
Unsecured Loans	:	Nil

Application of Funds

Net Fixed Assets	:	1335807
Investments	:	5
Net Current Assets	:	454502
Deferred Tax Assets (Net)	:	110278
Accumulated Losses	:	Nil

IV. Performance of Company (Amount in Rs. '000)

Turnover (Total Income)	:	3150118
Total Expenditure	:	2995820
Profit before Tax & Exceptional Items	:	154298
Profit after Tax & before Exceptional Items	:	145735
Profit after Exceptional Items	:	145735
Earning Per Share (Basic) in Rs.	:	10.377
Earning Per Share (Diluted) in Rs.	:	10.375
Dividend Rate	:	20%

V. Generic Names of Three Principal Products/Services of Company

(as per monetary terms)

Item Code No. (ITC Code)	:	72221100
Product Description	:	Rolled Products
Item Code No. (ITC Code)	:	72222000
Product Description	:	Bright Bars
Item Code No. (ITC Code)	:	72189910
Product Description	:	Steel Billets

As per our Report of even date attached

For **J.R.S. Patel & Co.**
Chartered Accountants**Ashok Malhotra**
Chairman and Managing Director**Pradeep Sharma**
Director (Operations)**Kalpesh Parmar**
Partner
Membership No. 103887
Vadodara, 31st May, 2010**Pradip H. Gupta**
Vice President (Finance)**Deepak Nagar**
AGM (Legal) & Company SecretaryVadodara, 31st May, 2010



Regd. Office : G.I.D.C. Industrial Estate, Kalol-389 330, Dist. Panchmahals (Gujarat)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE

DP. Id*

Regd. Folio No.

Client Id*

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held:

I hereby record my presence at the **37th ANNUAL GENERAL MEETING** of the Company held on Saturday, the 31st July, 2010 at 10.00 a.m. at the Regd. Office of the Company at G.I.D.C. Industrial Estate, Kalol-389 330, Dist. Panchmahals (Gujarat).

Signature of the Shareholder or proxy

*Applicable for investors holding shares in electronic form



Regd. Office : G.I.D.C. Industrial Estate, Kalol-389 330, Dist. Panchmahals (Gujarat)

DP. Id*

Regd. Folio No.

Client Id*

I/We _____ of

_____ being a member/members of PANCHMAHAL STEEL LIMITED

hereby appoint _____ of

_____ or failing him

_____ of _____

as my/our proxy to vote for me/us on my/our behalf at the **37th ANNUAL GENERAL MEETING** to be held on Saturday, the 31st July, 2010 at 10.00 a.m. or at any adjournment thereof.

Signed this _____ day of _____ 2010.

Affix
1/- Rupee
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

NOTE : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

To,



Corporate Office:

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

Regd. Office:

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