

# PRAKASH STEELAGE LTD.







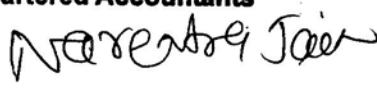





**Manufacturers & Exporters of Stainless Steel Welded, Seamless Pipes, Tubes & U-Tubes**

An ISO 9001-2008, ISO 14001-2004, OHSAS 18001-2007, PED Certified and AD-2000  
Merkblatt W O EIL, Lloyds, IBR Approved and Government Recognised Export House

Regd. Office : 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mumbai - 400 026, India  
Tel. : +91-22-6613 4500 • Fax : +91-22-6613 4599 • E-mail : marketing@prakashsteelage.com  
Website : www.prakashsteelage.com CIN: L27106MH1991PLC061595

## FORM A

### Covering Letter of the Annual Audit Report to be filed with the Stock Exchanges

Sr. No.	PARTICULARS	DETAILS OF COMPANY
1.	Name of the Company:	Prakash Steelage Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3.	Type of Audit observation	Un-Qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by:	
	<input type="checkbox"/> Managing Director Mr. Prakash C. Kanugo	 
	<input type="checkbox"/> Executive Director-Finance & CFO Mr. Ashok M. Seth	 
	<input type="checkbox"/> Joint Auditors of the Company Mr. <b>KHANDELWAL JAIN &amp; CO.</b> Chartered Accountants 12-B, Baldota Bhawan, 117, M. Karve Road, Churchgate, Mumbai - 400 020.	For <b>KHANDELWAL JAIN &amp; CO.</b> Chartered Accountants  (Narendra Jain) Partner 
	<input type="checkbox"/> Joint Auditors of the Company Mr. Pawan Bothra	 
	<input type="checkbox"/> Audit Committee Chairman Mr. Gautam Chand C. Jain	 

Factory : Unit No. 1, 46/1, Parjai Road, Village-Kherdi, U.T. of D. & N.H., Silvassa-396 230.  
Unit No. 2, Survey No. 131/1, Umbergaon-Sarjan Road, Umbergaon, Dist. Valsad-396 170.



## 23<sup>R D</sup> ANNUAL REPORT 2013-14



### ***Prakash Steelage Limited***

*An ISO 9001-2008, ISO 14001-2004, BS OHSAS 18001-2007,  
PED Certified, AD-2000-Merkblatt W O &  
Government Recognised Star Export House*

## Core Management Team



## State-of-the-art manufacturing facility





## Board of Directors



**Prakash C. Kanugo**  
Chairman & Managing Director



**Ashok M. Seth**  
Whole-time Director & CFO



**Hemant P. Kanugo**  
Whole-time Director



**Kamal P. Kanugo**  
Whole-time Director



**Dr. Bipin C. Doshi**  
Independent Director



**Himanshu J. Thaker**  
Independent Director



**Gautam Chand Jain**  
Independent Director



**A. Prakashchandra Hegde**  
Independent Director

## Contents

1. Notice	02
2. Chairman's letter	13
3. Directors' Report	14
4. Annexure to Directors' report	20
5. Management Discussion and Analysis Report	22
6. Corporate Governance Report	27
7. Independent Auditors' Report (Standalone)	43
8. Annexure to Independent Auditors' Report (Standalone)	45
9. Balance Sheet (Standalone)	48
10. Profit & Loss (Standalone)	49
11. Cash flow (Standalone)	50
12. Notes to financial statements (Standalone)	51
13. Independent Auditors' Report (Consolidated)	77
14. Balance Sheet (Consolidated)	79
15. Profit & Loss (Consolidated)	80
16. Cash flow (Consolidated)	81
17. Notes to financial statements (Consolidated)	82
18. 212 statement & Financial Information of Subsidiary	106
19. Attendance Slip and Proxy	
20. Financial highlights (last cover page back side)	

## Company Secretary & Compliance Officer

Pallavi P. Shedje

## Bankers

Vijaya Bank  
Bank of Baroda  
Union Bank of India  
Bank of India  
DBS Bank Ltd.

## Statutory Auditors

**M/s. Khandelwal Jain & Co.**  
Chartered Accountants

## M/s. D. C. Bothra & Co.

Chartered Accountants

## M/s. Batliboi & Purohit

Chartered Accountants

## Internal Auditors

### M/s. Anand Jain & Associates

Chartered Accountants

## Registered Office

701, Mahalaxmi Chambers,  
Bhulabhai Desai Road,  
Mahalaxmi, Mumbai - 400 026  
Tel.: 022-66134500 • Fax: 022-66134599  
Email: [investorsgrievances@prakashsteelage.com](mailto:investorsgrievances@prakashsteelage.com)  
Website: [www.prakashsteelage.com](http://www.prakashsteelage.com)  
CIN: L27106MH1991PLC061595

## Registrar & Transfer Agents

Bigshare Services Private Limited  
E2/3, Ansa Industrial Estate, Saki Vihar Road,  
Sakinaka, Andheri (East), Mumbai - 400 072  
Tel: +91-022-40430200/28470652  
Fax: +91-022-28475207  
Email: [babu@bigshareonline.com](mailto:babu@bigshareonline.com)  
Website: [www.bigshareonline.com](http://www.bigshareonline.com)  
ISIN: E616K01016

## Manufacturing Units

Silvassa : Survey No. 46/1, Parjai Road,  
Village: Kherdi, Silvassa - 396 230,  
Union Territory of Dadra & Nagar Haveli, (India)

Umbergaon : Plot No.131/1,  
Umbergaon, Sanjan Road,  
Umbergaon - 396 170, Dist.Valsad, Gujarat (India)

## Notice

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the Members of Prakash Steelage Limited will be held on Friday, 26<sup>th</sup> September, 2014 at 04:00 p.m. at Victoria Memorial School for the Blind, Opp. A.C. Market, Tardeo, Mumbai - 400 034 to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the standalone and the consolidated audited financial statements of the Company including the Balance Sheet as at 31<sup>st</sup> March, 2014, statement of Profit and Loss and the Cash flow statement for the year ended on that date along with the notes to the financial statements and the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares of the Company.
3. To appoint a Director in place of Mr. Kamal P. Kanugo (DIN: 02023367), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. To re-appoint and fix the remuneration of the Statutory Auditors M/s. Khandelwal Jain & Co. (Firm Registration No. 105049W), and in this regard 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 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W), be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as may be agreed to between the Board of Directors of the Company and the Auditors.”

5. To appoint and fix the remuneration of the Statutory Auditors M/s. Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W), in place of M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W), as the Joint Statutory Auditors of the Company and in this regard 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 140 (4) and 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014, M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W), be and are hereby appointed as the Joint Statutory Auditors of the Company, consequent to the withdrawal of consent seeking re-appointment by the existing Joint Auditors, M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W), and the said firm M/s. Batliboi & Purohit, Chartered Accountants, shall hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration plus out- of-pocket expenses as may be agreed to between the Board of Directors of the Company and the Auditors of the Company.”

### Special Business:

6. To appoint Mr. A. Prakashchandra Hegde (DIN: 02266510) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 152, read with Schedule IV, and other



applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (Including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. A. Prakashchandra Hegde (DIN: 02266510), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for 5 (five) consecutive years, effective from 01<sup>st</sup> April, 2014 up to 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary of the Company be and are hereby authorised to do all such acts, deeds matters, things which are proper, necessary, expedient and incidental to give effect to the above resolution.”

7. To appoint Dr. Bipin C. Doshi (DIN: 00322143) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 152, read with Schedule IV, and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (Including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Bipin C. Doshi (DIN: 00322143), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for 5 (five) consecutive years, effective from 01<sup>st</sup> April, 2014 up to 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary of the Company be and are hereby authorised to do all such acts, deeds matters, things which are proper, necessary, expedient and incidental to give effect to the above resolution.”

8. To appoint Mr. Gautam Chand C. Jain (DIN: 02809603) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 152, read with Schedule IV, and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement (Including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Gautam Chand C. Jain (DIN: 02809603), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for 5 (five) consecutive years, effective from 01<sup>st</sup> April, 2014 up to 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary of the Company be and are hereby authorised to do all such acts, deeds matters, things which are proper, necessary, expedient and incidental to give effect to the above resolution.”



9. To appoint Mr. Himanshu J. Thaker (DIN: 02325297) as an Independent Director of the Company and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to provisions of Sections 149, 152, read with Schedule IV, and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, and Clause 49 of the Listing Agreement (Including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Himanshu J. Thaker (DIN: 02325297), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for 5 (five) consecutive years, effective from 01<sup>st</sup> April, 2014 up to 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.”

**“RESOLVED FURTHER THAT** the Board of Directors and / or the Company Secretary of the Company be and are hereby authorised to do all such acts, deeds matters, things which are proper, necessary, expedient and incidental to give effect to the above resolution.”

10. To ratify and confirm the remuneration to be paid to M/s. Amish Parmar & Associates, Cost Accountants (revised Firm Registration No. 100502 (old registration No. 00338) for financial year 2014-15 and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs. 95,000/- p.a. plus Service Tax and out-of-pocket expenses for the financial year ending on 31<sup>st</sup> March, 2015 as approved by the Board of Directors of the Company to be paid to M/s. Amish Parmar & Associates, Cost Accountants (revised Firm Registration No. 100502 (old registration No. 00338) for the conduct of cost audit of the Company, be and is hereby ratified and confirmed.”

**Regd. Office:**  
701, Mahalaxmi Chambers  
Bhulabhai Desai Road  
Mahalaxmi, Mumbai - 400 026

**Place:** Mumbai  
**Date:** 13<sup>th</sup> August, 2014  
**CIN:** L27106MH1991PLC061595  
**Tel.:** 022 6613 4500 | **Fax:** 022 6613 4599  
**Website:** [www.prakashsteelage.com](http://www.prakashsteelage.com)  
**E-Mail:** [investorsgrievances@prakashsteelage.com](mailto:investorsgrievances@prakashsteelage.com)

**On Behalf of the Board of Directors  
For Prakash Steelage Limited**

**Sd/-**  
**Prakash C. Kanugo**  
**(Chairman & Managing Director)**  
**DIN : 00286366**



**Notes:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIM AND SUCH PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
2. As per Section 105(1) of the Companies Act, 2013, read with Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as proxy on behalf of Members not exceeding 50 (fifty) in number and holding in aggregate not more than 10 (ten) per cent of the total share capital of the Company carrying voting rights. In the case of a Member holding more than 10 (ten) per cent of the total share capital of the Company carrying voting rights, such a Member may appoint a single person as proxy, who however shall not act as proxy for any other person or shareholder.
3. The instrument appointing the proxy, duly stamped and executed must be deposited at the Company's Registered Office, not less than 48 hours before the commencement of the Annual General Meeting.
4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution, as per Section 113 of the Companies Act, 2013, authorising their representative to attend and vote on their behalf at the Meeting.
5. The Register of Members of the Company and Share Transfer Books shall remain closed from, Saturday, 13<sup>th</sup> September, 2014 to Friday, 26<sup>th</sup> September, 2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared.
6. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business under Item No 5,6,7,8 and 9 above to be transacted at the Meeting is annexed hereto.
7. The dividend, if declared, will be paid on or before 25<sup>th</sup> October, 2014.
8. The dividend, if declared at the meeting, shall be paid within the stipulated period, to those members of the Company whose names appear on the Register of Members of the Company as on 12<sup>th</sup> September, 2014. In respect of shares held in Electronic form, the dividend will be paid to the beneficial owners as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
9. Members are requested to notify immediately any change in their address / Bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and in respect of their physical shares Folios to the Registrars and Share Transfer Agent of the Company, **M/s. Bigshare Services Private Limited, E2/3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East), Mumbai – 400 072.**
10. Members are requested to quote their Ledger Folio Number / Client ID Number in all their future correspondence.
11. Members/Proxy holders are requested to bring their copies of the Annual Report to the Annual General Meeting of the Company.
12. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
13. Section 72 of the Companies Act, 2013, read with Rule 19(1) of the Rules made thereunder, permits





Nomination by the members of the Company in the prescribed Form SH-13. Members are requested to avail this facility.

14. Electronic copy of the Notice along with the Annual Report is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report are being sent in the permitted mode.
15. Non-Resident Indian Members are requested to inform M/s. Bigshare Services Private Limited, immediately of:
  - a. Change in their residential status on return to India for permanent settlement.
  - b. Particulars of their bank account maintained in India with complete name, branch, account type, account no. and address of the Bank with PIN Code No, if not furnished earlier.
16. The Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
17. All documents referred to in the Notice will be available for inspection by the shareholders at the Registered Office of the Company between 10:00 a.m. and 1:00 p.m. on all working days from the date hereof up to the date of the AGM.
18. The Registers required to be maintained under the Companies Act, 2013, including the Register of Directors' Shareholding, maintained by the Company under Section 307 of the Companies Act, 1956, and the Register of Directors and Key Managerial Personnel and their Shareholding in the Company under Section 170 of the Companies Act, 2013, and the Register of Contracts maintained by the Company under Section 301 of the Companies Act, 1956, and under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
19. Members desiring any information as regards the Accounts are requested to write to the Company atleast 10 days before the Annual General Meeting, so as to enable the Management to keep the information ready at the meeting.
20. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with Registrar and Share Transfer Agent, M/s. Bigshare Services Private Limited, at their Address. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205C of the Companies Act, 1956, be transferred to the Investors Education and Protection Fund. The details of the un-encashed /unclaimed above-mentioned Dividend are as under:

Dividend for the Financial Year	Unclaimed / Un-encashed Dividend as on 31st March, 2014 (Amount in Rs.)	Due date of transfer to Investor Education and Protection Fund
2010-11	22,734/-	18th September, 2018
2011-12	22,111/-	20th September, 2019
2012-13	18,478/-	20th September, 2020

21. Amount in Company's Refund Account as on 31<sup>st</sup> March, 2014 is Rs.59,400/- as balance yet to be refunded to the applicants/allottees as they are yet to submit necessary confirmation. As on 31<sup>st</sup> March, 2014 no shares are lying in Unclaimed Shares Demat Suspense Account.
22. Information required to be furnished under Clause 49 IV(G) of the Listing Agreement about the Directors seeking appointment / re-appointment is given in the Corporate Governance Report which forms part of this Annual Report.

23. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.

The instructions for e-voting are as under:

**A) In case of members receiving e-mail:**

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab to cast your votes.
- (iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "Prakash Steelage Limited" from the drop down menu and click on "SUBMIT"
- (iv) If you are holding shares in Demat form and have already voted earlier on [www.evotingindia.com](http://www.evotingindia.com) for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.
- (v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

\*Members who have not updated their PAN with the Company/Depository Participant are requested to use the default number: <ABCDE1234F> in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository/company, please enter the number of shares held by you as on 12<sup>th</sup> September, 2014 in the Dividend Bank details field.

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then reach directly the EVSN 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.
- (viii) For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the relevant EVSN on which you choose to vote.



- (x) 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.
- (xi) Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvi) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorised to vote on their behalf, in PDF format in the system for the scrutinizer to verify the vote.

**B) In case of members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:**

Please follow all steps from sl. no. (i) to sl. no. (xvi) above, to cast vote.

- C) The voting period begins on 18<sup>th</sup> September, 2014 (9.00 am) and ends on 20<sup>th</sup> September, 2014 (6.00 pm) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 12<sup>th</sup> September, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - a. Mr. S. Anantha Rama Subramanian, FCS, Practicing Company Secretary (CP No.1925), proprietor of M/s. S. Anantha & Co., has been appointed as Scrutiniser to scrutinise voting process in a fair and transparent manner.
  - b. The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be available for inspection and also placed on the website of the Company within prescribed period.

## **Annexure to the Notice**

### **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:**

#### **Item No. 5:**

The Existing Statutory Auditors of the Company are M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W) and M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W), holding the office jointly upto the ensuing Annual General Meeting of the Company. However, M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W), have withdrawn their consent for re-appointment as the Joint Statutory Auditors at the ensuing Annual General Meeting of the Company.

Pursuant to Section 115 of the Companies Act, 2013, read with Rule 23 of the Companies (Management and Administration) Rules, 2014, the Company has received a Special Notice in terms of sub-section (4) of Section 140 of the Companies Act, 2013, from a member on 13<sup>th</sup> August, 2014, proposing to pass a resolution for appointment of M/s. Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W), as the Joint Statutory Auditors in place of M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W), who have withdrawn their consent to be appointed as the Joint Statutory Auditors at the ensuing Annual General Meeting of the Company.

As per the Companies Act, 2013, M/s. Batliboi & Purohit, Chartered Accountants have confirmed that the appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act that they are not disqualified to be appointed as the statutory auditors in terms of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act. Their appointment has been proposed from the conclusion of this Meeting until the conclusion of next Annual General Meeting, subject to the approval of the members.

Copy of all the documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10:00 a.m. and 1:00 p.m. on all working days from the date hereof up to the date of the AGM.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

#### **Item No. 6:**

Mr. A. Prakashchandra Hegde, existing Director on the Board of the Company is a Non-Executive Independent Director pursuant to Clause 49 of the Listing Agreement with effect from 28<sup>th</sup> May, 2012 and his period of office was liable to determination by retirement of Directors by rotation under the erstwhile Companies Act, 1956.

Section 149 of the Companies Act, 2013, which came into effect from 01<sup>st</sup> April, 2014 requires every Listed Company to have at least one third of the total number of Directors on the Board as Independent Directors. Mr. A. Prakashchandra Hegde, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director on the Board of Directors of the Company for a consecutive period of 5 (five) years upto 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.

A notice has been received from a member, alongwith the required deposit, proposing Mr. A. Prakashchandra Hegde as a candidate for the office of Director of the Company, in terms of Section 160 of the Companies Act, 2013.

Mr. A. Prakashchandra Hegde has submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that he meets the criteria of independence as provided in sub-section (6). Further, he is not disqualified from being appointed as a director in terms of section 164 of the Act.

The Board of Directors of the Company is of the opinion that Mr. A. Prakashchandra Hegde, is a person of integrity and fulfils the conditions specified in the Act, for such an appointment and possess requisite experience and knowledge, which is relevant to the business of the Company and his continued association would be of immense benefit to the Company.

The Board of Directors of your Company, hence recommends the resolution as set out under Item No. 5, in relation to appointment of Mr. A. Prakashchandra Hegde as an Independent Director, for the approval of the shareholders of the Company, to be passed as an Ordinary Resolution.



Except Mr. A. Prakashchandra Hegde, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Copy of all the documents mentioned herein above, along with the letter of appointment of Mr. A. Prakashchandra Hegde as an Independent Director setting out the terms and conditions, would be available for inspection by the shareholders at the Registered Office of the Company between 10:00 a.m. and 1:00 p.m. on all working days from the date hereof up to the date of the AGM.

Information / disclosure required to be furnished under Clause 49 IV (G) of the Listing Agreement about Mr. A. Prakashchandra Hegde is given in the Corporate Governance Report which forms part of this Annual Report.

**Item No. 7 :**

Dr. Bipin C. Doshi, existing Director on the Board of the Company is a Non-Executive Independent Director pursuant to Clause 49 of the Listing Agreement with effect from 25<sup>th</sup> August, 2008 and his period of office was liable to determination by retirement of Directors by rotation under the erstwhile Companies Act, 1956.

Section 149 of the Companies Act, 2013, which came into effect from 01<sup>st</sup> April, 2014 requires every Listed Company to have at least one third of the total number of Directors on the Board as Independent Directors. Dr. Bipin C. Doshi, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director on the Board of Directors of the Company for a consecutive period of 5 (five) years upto 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.

A notice has been received from a member, alongwith the required deposit, proposing Dr. Bipin C. Doshi as a candidate for the office of Director of the Company, in terms of Section 160 of the Companies Act, 2013.

Dr. Bipin C. Doshi has submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that he meets the criteria of independence as provided in sub-section (6). Further, he is not disqualified from being appointed as a director in terms of section 164 of the Act.

The Board of Directors of the Company is of the opinion that Dr. Bipin C. Doshi, is a person of integrity and fulfils the conditions specified in the Act, for such an appointment and possess requisite experience and knowledge, which is relevant to the business of the Company and his continued association would be of immense benefit to the Company.

The Board of Directors of your Company, hence recommends the resolution as set out under Item No. 6, in relation to appointment of Dr. Bipin C. Doshi as an Independent Director, for the approval of the shareholders of the Company, to be passed as an Ordinary Resolution.

Except Dr. Bipin C. Doshi, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Copy of all the documents mentioned herein above, along with the letter of appointment of Dr. Bipin C. Doshi as an Independent Director setting out the terms and conditions, would be available for inspection by the shareholders at the Registered Office of the Company between 10:00 a.m. and 1:00 p.m. on all working days from the date hereof up to the date of the AGM.

Information / disclosure required to be furnished under Clause 49 IV(G) of the Listing Agreement about Dr. Bipin C. Doshi is given in the Corporate Governance Report which forms part of this Annual Report.

**Item No. 8 :**

Mr. Gautam Chand C. Jain, existing Director on the Board of the Company is a Non-Executive Independent Director pursuant to Clause 49 of the Listing Agreement with effect from 02<sup>nd</sup> September, 2009 and his period of office was liable to determination by retirement of Directors by rotation under the erstwhile Companies Act, 1956.

Section 149 of the Companies Act, 2013, which came into effect from 01<sup>st</sup> April, 2014 requires every Listed Company to have at least one third of the total number of Directors on the Board as Independent Directors. Mr. Gautam Chand C. Jain, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director on the Board of Directors of the Company for a consecutive period of 5 (five) years upto 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.

A notice has been received from a member, alongwith the required deposit, proposing Mr. Gautam Chand C. Jain as a candidate for the office of Director of the Company, in terms of Section 160 of the Companies Act, 2013.

Mr. Gautam Chand C. Jain has submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that he meets the criteria of independence as provided in sub-section (6). Further, he is not disqualified from being appointed as a director in terms of section 164 of the Act.

The Board of Directors of the Company is of the opinion that Mr. Gautam Chand C. Jain, is a person of integrity and fulfils the conditions specified in the Act, for such an appointment and possess requisite experience and knowledge, which is relevant to the business of the Company and his continued association would be of immense benefit to the Company.

The Board of Directors of your Company, hence recommends the resolution as set out under Item No. 7, in relation to appointment of Mr. Gautam Chand C. Jain as an Independent Director, for the approval of the shareholders of the Company, to be passed as an Ordinary Resolution.

Except Mr. Gautam Chand C. Jain, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Copy of all the documents mentioned herein above, along with the letter of appointment of Mr. Gautam Chand C. Jain as an Independent Director setting out the terms and conditions, would be available for inspection by the shareholders at the Registered Office of the Company between 10:00 a.m. and 1:00 p.m. on all working days from the date hereof up to the date of the AGM.

Information / disclosure required to be furnished under Clause 49 IV(G) of the Listing Agreement about Mr. Gautam Chand C. Jain is given in the Corporate Governance Report which forms part of this Annual Report.

#### **Item No. 9 :**

Mr. Himanshu J. Thaker, existing Director on the Board of the Company is a Non-Executive Independent Director pursuant to Clause 49 of the Listing Agreement with effect from 25<sup>th</sup> August, 2008 and his period of office was liable to determination by retirement of Directors by rotation under the erstwhile Companies Act, 1956.

Section 149 of the Companies Act, 2013, which came into effect from 01<sup>st</sup> April, 2014 requires every Listed Company to have at least one third of the total number of Directors on the Board as Independent Directors. Mr. Himanshu J. Thaker, being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director on the Board of Directors of the Company for a consecutive period of 5 (five) years upto 31<sup>st</sup> March, 2019, with the period of his office not liable to determination by retirement by rotation.

A notice has been received from a member, alongwith the required deposit, proposing Mr. Himanshu J. Thaker as a candidate for the office of Director of the Company, in terms of Section 160 of the Companies Act, 2013.

Mr. Himanshu J. Thaker has submitted the declaration of independence, as required pursuant to Section 149(7) of the Companies Act, 2013, stating that he meets the criteria of independence as provided in sub-section (6). Further, he is not disqualified from being appointed as a director in terms of section 164 of the Act.

The Board of Directors of the Company is of the opinion that Mr. Himanshu J. Thaker, is a person of integrity and fulfils the conditions specified in the Act for such an appointment and possess requisite experience and knowledge, which is relevant to the business of the Company and his continued association would be of immense benefit to the Company.

The Board of Directors of your Company, hence recommends the resolution as set out under Item No. 8, in relation to appointment of Mr. Himanshu J. Thaker as an Independent Director, for the approval of the shareholders of the Company, to be passed as an Ordinary Resolution.

Except Mr. Himanshu J. Thaker, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

Copy of all the documents mentioned herein above, along with the letter of appointment of Mr. Himanshu J. Thaker as an Independent Director setting out the terms and conditions, would be available for inspection by the shareholders at the Registered Office of the Company between 10:00 a.m. and 1:00 p.m. on all working days from the date hereof up to the date of the AGM.

Information / disclosure required to be furnished under Clause 49 IV(G) of the Listing Agreement about Mr. Himanshu J. Thaker is given in the Corporate Governance Report which forms part of this Annual Report.





**Item No. 10:**

In pursuance of Section 148 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the Board shall appoint an Individual, who is cost accountant in practice on the recommendations of the Audit Committee, which shall also recommend remuneration for such auditor. The remuneration recommended by Audit Committee shall be considered and approved by the Board of Directors and ratified by the shareholders, as per Rule 14 of the Companies (Audit and Auditors) Rules, 2014.

On the recommendations of the Audit Committee at its meeting held on 29<sup>th</sup> May, 2014, the Board has considered and approved the appointment of M/s. Amish Parmar & Associates, Cost Accountants (revised Firm Registration No. 100502 (old registration No. 00338)), as the Cost Auditors of the Company to conduct audit of cost accounting records maintained by the Company for the year ending on 31<sup>st</sup> March, 2015.

The Board of Directors of your Company, hence recommends the resolution as set out under Item No. 9, in relation to ratification and confirmation of the remuneration to be paid to M/s. Amish Parmar & Associates, Cost Accountants for financial year 2014-15, for the approval of the shareholders of the Company, to be passed as an Ordinary Resolution.

Copy of all the documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10:00 a.m. and 1:00 p.m. on all working days from the date hereof up to the date of the AGM.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution.

**Regd. Office:**  
701, Mahalaxmi Chambers  
Bhulabhai Desai Road  
Mahalaxmi, Mumbai - 400 026

**Place:** Mumbai  
**Date:** 13<sup>th</sup> August, 2014  
**CIN:** L27106MH1991PLC061595  
**Tel.:** 022 6613 4500 | **Fax:** 022 6613 4599  
**Website:** [www.prakashsteelage.com](http://www.prakashsteelage.com)  
**E-Mail:** [investorsgrievances@prakashsteelage.com](mailto:investorsgrievances@prakashsteelage.com)

**On Behalf of the Board of Directors  
For Prakash Steelage Limited**

**Sd/-**  
**Prakash C. Kanugo**  
(Chairman & Managing Director)  
**DIN : 00286366**





## Chairman's Letter To The Shareholders

**Dear Members,**

I extend a hearty Welcome to you all on behalf of the Board of Directors, to this 23<sup>rd</sup> Annual General Meeting of the Company. It gives me great pleasure to share with you the highlights of another growth filled and successful year. Despite challenging business conditions, environment and economy, our Company could improve the performance. It's a steely determination to grow against all odds, which ensured a successful year.

### **Company's Performance**

Steel production in India recorded a growth rate of 4.8 per cent in February, 2014 over February, 2013. The cumulative growth during April–February, 2013–14 stood at 4.2 per cent. With the positively changes happening on account of the focus for DEVELOPMENT, the Company's performance is expected to grow further in the coming years along with the growth story of INDIA in all spheres of life especially with thrust in the core sectors like Steel, Cement, capital goods etc.

On the operational front, the Company has made significant progress in the last year. Your Company has taken various initiatives to enhance production processes by improving operational discipline and minimizing equipment downtime. This has led to a significant improvement in operating parameters. The Company, on standalone basis, has recorded net revenue of Rs. 94,421.79 Lacs, as compared to Rs.79,321.53 Lacs in the previous year reflecting a growth of 19.04%. The profit before tax is Rs. 2,531.46 Lacs as against Rs. 2,058.59 Lacs in the previous year reflecting a increase in Profit by Rs 472.88 Lacs. an increase of 22.97%. The Net Profit after Tax is Rs. 1,654.92 Lacs as against Rs. 1,402.70 Lacs in the previous year reflecting an increase of profit by Rs. 252.22 Lacs, an increase of 17.98%. The Earning per Share (EPS) stood at Rs.9.46 per share. On dividend front your Board thought it fit to maintain the rate of dividend at Re. 1.00 per share.

Further it is my pleasure to bring to your kind attention two major developments took place this year viz.

- a) The Company has set up 'Pioneer Stainless & Alloy – F.Z.C.', a Wholly Owned Foreign Subsidiary in UAE, to venture in the import and export of steel and steel products in the Gulf region and in the first year of operations itself the said Company has achieved a turnover of Rs.8122.17 Lacs with a Net profit of Rs.485.29 lacs.
- b) Considering the potential of growth in Real estate, the Company has decided to enter into construction business by forming strategic alliance with Kargwal Developers Private Limited (Co-promoter Omkar Group) for development of its idle land at Palgam, Umbergaon, Gujarat, in the best business interests of the Company, which will strengthen the Company's Performance in years to come.

Now with the strong New Governmentt in place at Centre, things are expected to improve fast Your management team is also working very hard to ensure timely delivery, better quality, competitive pricing to improve all round growth that will enhance market positioning and generate better returns for its shareholders and improved valuation to its all stakeholders.

The Company strives to earn a pre eminent position in manufacturing high grade stainless steel products in India. The Company has continued in providing value for our customers, having culture of inclusive growth, remaining as environment friendly Steel Company. Our Vision and commitment to create enduring value will continue to inspire us as we strive to achieve even greater success in the future.

### **Acknowledgement**

I would like to express my sincere appreciation to our shareholders for the support and confidence reposed in us, and all other stakeholders and Government agencies, our Bankers for the continuing commitment and support in your Company. We look forward for their continued association with the Company.

**Sd/-**

**Prakash C. Kanugo**  
(Chairman & Managing Director)  
DIN : 00286366



## Directors' Report

To The Members of  
Prakash Steelage Limited

Your Directors take pleasure in presenting the 23<sup>rd</sup> Annual Report of your Company, together with the Audited Annual Accounts for the financial year ended 31<sup>st</sup> March, 2014.

### Financial Highlights

The financial performance of the Company, for the year ended 31<sup>st</sup> March, 2014 is summarized below:

Particulars	(Rs. in Lacs)	
	Year Ended 31 <sup>st</sup> March, 2014	Year Ended 31 <sup>st</sup> March, 2013
Income from Operations	94,421.79	79,321.53
Profit before Depreciation and Tax	3,340.13	2,782.31
Depreciation	808.67	723.72
Profit Before Tax	2,531.46	2,058.59
Taxation	876.54	655.89
Profit After Tax	1,654.92	1,402.70
Balance brought forward	5,785.10	5,087.14
Amount available for Appropriation	7,440.02	6,489.84
Proposed Dividend & Tax on Dividend	204.74	204.74
Transfer to General Reserve	500.00	500.00
Balance Transferred to Balance Sheet	6,735.28	5,785.10

### Financial Performance

The income from operations for the year has increased to Rs.94,421.79 Lacs as compared to Rs.79,321.53 Lacs of previous year reflecting a growth of 19.04%. The Profit Before Tax for the year was Rs. 2,531.46 Lacs as against Rs. 2,058.59 Lacs in the previous year reflecting an increase of Profit by 22.97%. The Net Profit After Tax also increased by 17.98% at Rs. 1,654.92 Lacs as compared to Rs. 1,402.70 Lacs during previous year.

### Consolidated Accounts

The Consolidated Financial Statements of your Company for the financial year 2013-14 are prepared in compliance with applicable Accounting Standards and applicable clauses of the Listing Agreement as prescribed by the Securities and Exchange Board of India. The consolidated accounts have been prepared on the basis of audited financial statements received from wholly-owned foreign subsidiary of the Company.

A separate statement containing the salient financial information of the wholly-owned foreign subsidiary of the Company which includes capital, reserves, total assets, total liabilities, details of investment, turnover etc. along with the statement under Section 212 of the Companies Act, 1956, forms part of this report in compliance with the General Circular No 2/2011 dated 08<sup>th</sup> February, 2011 issued by Ministry of Corporate Affairs granting a general exemption from the provisions of Section 212(8) of the Companies Act, 1956. The annual accounts and financial statements of the wholly-owned foreign subsidiary and related detailed information shall be made available to members on request and are open for inspection at the Registered Office of your Company during the office hours between 11:00 a.m. to 1:00 p.m.

### Wholly-Owned Foreign Subsidiary

The Company has incorporated its Wholly-Owned Foreign Subsidiary at U.A.E. in the name of Pioneer Stainless & Alloy, F.Z.C., with an object of trading through import and export of steel and basic steel products. The details of the Wholly-owned Foreign Subsidiary and its business operations during the year under review are covered in the Management Discussion and Analysis Report.

In the completion of first year the Company's total turnover has stood at Rs. 81,22,17,323/- (US\$ 1,34,25,923) and has gained a satisfactory profit of Rs. 4,85,29,265/- (US\$ 802,187) as per its audited financial results.

#### **Dividend**

The Board has, subject to the approval of members at the ensuing Annual General Meeting, recommended a dividend of Re.1/- (Previous Year Re. 1/-) per Equity Share on the 1,75,00,039 fully paid-up Equity Shares of Rs.10/- each, for the financial year ended 31<sup>st</sup> March, 2014, amounting to Rs.1,75,00,039/- and tax thereon of Rs. 29,74,132/-.

The Dividend will be paid to members whose names appear in the Register of Members as on 12<sup>th</sup> September, 2014, in respect of shares held in dematerialized form, it will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

#### **Transfer to General Reserve**

The Company proposes to transfer Rs. 500.00 Lacs (Previous year Rs. 500.00 Lacs) to the General Reserve and an amount of Rs. 6,735.28 Lacs (Previous year Rs. 5,785.10 Lacs) to be carried to balance sheet out of the balance amount available for appropriation.

#### **Credit Rating**

CRISIL has reaffirmed its rating, 'CRISIL BBB/A3+' with change in the outlook to 'Stable'.

The ratings reflect the improved Company's financial risk profile, marked by moderate net worth, and healthy gearing, and its established market position in the stainless-steel pipes and tubes industry. These rating strengths are partially offset by the Company's working-capital-intensive operations and susceptibility of its profitability to volatility in prices of inputs and in foreign exchange rates.

#### **Fixed Deposit**

The Company has not accepted any Fixed Deposit from public and is therefore not required to furnish information in respect of outstanding deposit under Non-Banking Non Financial Companies (Reserve Bank) Directions, 1966, and The Companies (Acceptance of Deposits) Rules, 1975, as amended.

#### **Directors**

In accordance with the provisions of the Companies Act, 2013, no Independent Director is liable to retire by rotation. Only the Executive Directors are liable to retire by rotation. In view of this new provisions and in terms of Article 150 of Articles of Association of the Company, Mr. Kamal P. Kanugo, Director of the Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment. Your Directors recommend his re-appointment.

Further, your Board of Directors is seeking the appointment of all the existing Independent Directors, viz. Mr. A. Prakashchandra Hegde, Dr. Bipin C. Doshi, Mr. Gautam Chand C. Jain, and Mr. Himanshu J. Thaker as Independent Directors of the Company in terms of Section 149 of the Companies Act, 2013, for a period of 5 (five) years with effect from 01<sup>st</sup> April, 2014 up to 31<sup>st</sup> March, 2019, with their period of office not liable to be determined by retirement of Directors by rotation.

The Company has received notices from members under Section 160 of the Companies Act, 2013, along with required deposits proposing the appointment of Mr. A. Prakashchandra Hegde, Dr. Bipin C. Doshi, Mr. Gautam Chand C. Jain, and Mr. Himanshu J. Thaker, as Independent Directors of the Company at this Annual General Meeting.

The Company has also received the requisite disclosures/declarations from said directors as required under Section 149 and other applicable provisions of the Companies Act, 2013, and Rules made thereunder.

Appropriate resolutions seeking your approval for the appointment of Mr. A. Prakashchandra Hegde, Mr. Gautam Chand C. Jain, Dr. Bipin C. Doshi and Mr. Himanshu J. Thaker as Independent Directors of the Company, has already been included in the notice of the Annual General Meeting. None of the Directors are related to each other per se.



Your Directors recommend the above-mentioned appointments. The particulars and brief resume of Directors to be re-appointed / appointed are included in the Corporate Governance Report forming part of this Annual Report.

### **Directors' Responsibility Statement**

In accordance with Section 217(2AA) of the Companies Act, 1956, your Board of Directors confirms that:

- (i) in the preparation of the annual accounts of the company, the applicable accounting standards have been followed, along with proper explanation relating to material departures; and that there are no material departures from prescribed accounting standards in the adoption of these standards;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (iii) they have taken sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956 (to the extent applicable), the provisions of the Companies Act, 2013 (to the extent notified) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) they have prepared the annual accounts of the Company on a 'going concern' basis.

### **Whole-time Key Managerial Personnel (KMP)**

In accordance with Section 203 of the Companies Act, 2013, every Listed Company is required to have certain officers of the Company as Whole-time KMP. Your Board of Directors has taken note of the existing office of the following personnel as Whole-time KMP of the Company:

1. Mr. Prakash C. Kanugo, Managing Director
2. Mr. Ashok M. Seth, Whole-Time Director (Finance) – as CFO
3. Ms. Pallavi P. Shedge, Company Secretary

### **Auditors**

The Existing Statutory Auditors of the Company are M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W) and M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W), holding the office jointly upto the ensuing Annual General Meeting of the Company. However, M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W) have withdrawn their consent for re-appointment, as the Joint Statutory Auditors at the ensuing Annual General Meeting of the Company.

Pursuant to Section 115 of the Companies Act, 2013, read with Rule 23 of the Companies (Management and Administration) Rules, 2014, the Company has received a Special Notice in terms of sub-section (4) of Section 140 of the Companies Act, 2013, from a member on 13<sup>th</sup> August, 2014, proposing to pass a resolution for appointment of M/s. Batliboi & Purohit, Chartered Accountants, (Firm Registration No. 101048W) as the Joint Statutory Auditors in place of M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W).

As required under the provisions of Section 139(1) and as per the criteria specified under Section 141(3)(g) of the Companies Act, 2013, and as per the Companies (Audit and Auditors) Rules, 2014, the Company has received a written certificate from the above Auditors, proposed to be re-appointed, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section and that they are not disqualified for re-appointment within the meaning of Section 139(2) of the Companies Act, 2013, and Rule 6 of the Companies (Audit and Auditors) Rules, 2014.

### **Cost Auditor**

As per Section 148 read with Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors of your Company has appointed M/s. Amish Parmar & Associates, Cost Accountants, as the Cost Auditor of your Company for the financial year 2014-15 on the recommendations made by the Audit Committee. The remuneration proposed to be paid to the Cost Auditors, subject to the ratification by the members at the ensuing Annual General Meeting, would be Rs. 95,000/- plus Service Tax and out of pocket expenses, if any. Necessary resolution seeking your ratification for the proposed remuneration to be paid to the Cost Auditor has already been included in the notice of the Annual General Meeting.

The Cost Audit Report for the year ended 31<sup>st</sup> March, 2013 in XBRL format has been filed on 27<sup>th</sup> September, 2013, which was within due date of 27<sup>th</sup> September, 2013.

### **Internal Control Systems**

Your Company has an effective internal control and risk mitigation system, which is constantly assessed and strengthened with new / revised standard operating procedures.

The Company has entrusted the internal audit to M/s. Anand Jain & Associates, Chartered Accountants. The initial object of the internal audit process is test and review of controls, independent appraisal of risks, business process and benchmarking internal controls with best practices.

The Audit Committee of the Board of Directors actively reviews, the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen them. The Company has a robust Management Information System, which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the Internal Audit findings and corrective action taken. Internal audit plays a key role in providing assurance to the Board of Directors.

### **Risk Management**

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity price risks, business risks and compliance risks.

### **Foreign Exchange Risk**

The Company's hedging policy is designed to actively manage its foreign exchange risk within the framework decided with due discussion and ratified by the management (Board) and also to minimize the impact of volatility in foreign exchange fluctuations on the earnings and outgo.

### **Interest Rate Risk**

By considering the continuous fluctuations in the interest rate, the Company has adopted a prudent risk mitigation strategy to streamline the interest rate.

### **Commodity Price Risk**

As against major big orders, the general practice followed by the Company is to book its raw material sourcing before confirming the order to the customer, which helps mitigate strain on operating margins.

### **Corporate Social Responsibility**

During the year, your Directors have constituted the Corporate Social Responsibility Committee comprising Dr. Bipin C. Doshi as the Chairman and Mr. Ashok M. Seth and Mr. Hemant P. Kanugo as other Members of the committee.

The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) dealing with the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

### **Vigil Mechanism under Whistle Blower Policy**

Under the provisions of Section 177(9) of the Companies Act, 2013, your Company has established a Vigil Mechanism under Whistle Blower Policy for the Directors and employees of the Company to avoid the instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct.

Such Vigil Mechanism shall provide for adequate safeguards against victimisation of persons who use such mechanism and also make provision for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

Under Vigil Mechanism the Chairman of Audit Committee of the Company is authorised for direct access in exceptional cases. Further the Company Secretary of the Company has been appointed as Vigilance Officer of the Company under Vigil Mechanism adopted by the Company.



### **Nomination and Remuneration Committee**

In Compliance with the provisions of Companies act, 2013, your Company re-aligned its existing Remuneration Committee as "Nomination and Remuneration Committee" with enhanced scope and functions as stipulated under the new law. The Nomination and Remuneration Committee of the Company comprises of Mr. Himanshu J. Thaker as Chairman of the Committee, Dr. Bipin C. Doshi and Mr. A. Prakashchandra Hegde as members of the Committee.

### **Stakeholders' Relationship Committee**

Your Company re-aligned its existing 'Investors Grievance Committee' as 'Stakeholders' Relationship Committee', with an enhanced scope and functioning. The stakeholders Relationship Comprises of Dr. Bipin C. Doshi as Chairman of the Committee and Mr. Himanshu J. Thaker and Mr. Ashok M. Sheth as Members of the Committee.

### **Particulars Regarding Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo**

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure to the Directors' Report.

### **Management Discussion and Analysis**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India on corporate governance, is presented in a separate section of this Annual Report.

### **Development of Industrial Park**

During the year the Company has entered into construction business by forming strategic alliance with Kargwal Developers Private Limited (Co-promoter Omkar Group) for development of an Industrial Park in the name of "Krishna Industrial Park" on its idle land located at Palgam, Umbergaon, Gujarat where it has introduced world class industrial plots for sale, useful to factories, warehouses, workshops and service stations etc.

### **Corporate Governance**

Your Company has complied with the requirements of Clause 49 of the Listing Agreements with the Stock Exchanges. We have constituted our internal policies on Corporate Governance. During the year Vigil Mechanism under Whistle Blower Policy and Code of Conduct have been incorporated in the policy.

A report on Corporate Governance practices, the Company Secretary Certificate on compliance of the mandatory requirement thereon are given under the Corporate Governance Report forming part of this Annual Report.

### **Particulars of Employees**

Particulars of employees as required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended to date are not applicable to the Company as there are no employees in receipt of the prescribed remuneration.

### **Human Resources**

Your Company enjoys cordial relations with its employees. The HR department has been playing a key role in the journey of the Company. The key focus of your Company is to attract, retain and develop talent of its employees as Human Resource is the key factor that takes the business to the next level of excellence and achievements. The Board wishes to place on the record its appreciation of the contributions made by all employees ensuring high levels of performance and growth during the year.

During the year the Company launched the initiative where an employee can obtain the assistance from HR Department that will deal in providing solutions on any problem faced by the employee during his / her employment.

### **Acknowledgements**

Your Directors place on record their sincere appreciation to Stock Exchanges, shareholders, banks, government authorities, business associates and other stakeholders. The Board also recognizes the contribution of the valued customers in the growth of the Company and takes this opportunity to pledge the Company's commitment to serve them.

Your Directors also wish to place on record their deep sense of appreciation for the hard work, cooperation, solidarity, dedication and commitment displayed by all executives, officers and staff during the year, resulting in the successful performance of the Company.

**Regd. Office:**  
701, Mahalaxmi Chambers  
Bhulabhai Desai Road  
Mahalaxmi, Mumbai - 400 026

**Place:** Mumbai  
**Date:** 13<sup>th</sup> August, 2014  
**CIN:** L27106MH1991PLC061595  
**Tel.:** 022 6613 4500 | **Fax:** 022 6613 4599  
**Website:** [www.prakashsteelage.com](http://www.prakashsteelage.com)  
**E-Mail:** [investorsgrievances@prakashsteelage.com](mailto:investorsgrievances@prakashsteelage.com)

**On Behalf of the Board of Directors  
For Prakash Steelage Limited**

**Sd/-**  
**Prakash C. Kanugo**  
**(Chairman & Managing Director)**  
**DIN : 00286366**





## Annexure to the Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

### 1) Conservation of Energy

The Company through its dedicated team of engineers has been monitoring various plant and machinery and processes to reduce energy consumption. All possible measures have been taken by the Company to achieve this objective.

#### FORM "A"

##### i) Power & Fuel Consumption

Particulars	Current Year 31 <sup>st</sup> March, 2014	Previous Year 31 <sup>st</sup> March, 2013
<b>A) Power &amp; Fuel Consumption</b>		
a) Purchase Unit	41,28,938.68	49,62,004
b) Total Amount (Rs.)	2,93,95,371.00	3,02,25,354
c) Rate Per Unit (Approx.) (Rs.)	7.12	6.09
<b>B) Own Consumption</b>		
a) Through Diesel Generator (Unit)	91,865.62	1,70,402.68
b) Through Steam Turbine	Nil	Nil
<b>C) L.P.G. Consumption</b>		
Gas Cylinders (kgs.)	54,524.50	1,28,863
Total Cost (Rs.)	37,34,286.79	87,95,690
Average rate (Rs.)	68.49	68.26
<b>D) Consumption of Coal</b>		
Quantity (In Kgs.)	930	2,05,150
Total Cost (Rs.)	8,960	14,03,696
Average rate (Rs.)	9.63	6.84
<b>E) CNG Consumption</b>		
Quantity (In Kgs.)	7,46,805.64	7,10,087.41
Total Cost (Rs.)	3,85,48,433.95	3,31,97,758
Average rate (Rs.)	51.62	46.75
Product (with details)-( M. Ton)	S.S Pipe & Tube	S.S Pipe & Tube
Electricity Units Consumed Per Unit	417.92	391.59

## FORM "B"

- ii) Form for disclosure of particulars with respect to absorption of research and development (R&D): no specific area for R & D

1) Specify area in which research and development activity carried out by the company	Quality & Product Range
2) Benefit derived as a result of above R & D	Quality Improvement
3) Future plan of action	Continuous Process
4) Expenditure on R & D	
a) Capital	Not Material
b) Recurring	-
c) Total	-
d) Total R & D expenditure as percentage of total turnover	-

- iii) Technology absorption, adaption and innovation

1) Efforts in brief made towards technology absorption adoption and innovation	Continuous
2) Benefits derived as a result of the above efforts, e.g. product development	Quality Improvement
3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:	
a) Technology imported	-
b) Year of import	-
c) Technology has been fully absorbed	-
d) If not fully absorbed area where this has not taken place reason thereof and future	-

## FORM "C"

- iv) Foreign Exchange Earning and Outgo

The Company has exported its products during the year under review and has also imported raw materials, stores and capital items, the details of which are as follows;

(Rs. In Lacs)

Particulars	Current Year 31 <sup>st</sup> March, 2014	Previous Year 31 <sup>st</sup> March, 2013
1) FOB value of Export	12,607.24	9,769.76
2) CIF value of Imports	8,560.87	9,006.42
3) Expenditure in foreign currency	104.69	130.58

The Company has so far exported to 50 countries worldwide. The Company is further exploring to African, South American and South East Asia to increase its exports.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 13<sup>th</sup> August, 2014

Sd/-  
Prakash C. Kanugo  
(Chairman & Managing Director)  
DIN : 00286366



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE FINANCIAL YEAR 2013-2014

The Board takes pleasure in presenting your Company's Twenty-third Annual Report for the year 2013-14 along with the compliance report on Corporate Governance. This chapter on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

### Industry Overview

The year 2013-14 marked a subtle turnaround in the fortunes of the global economy. Europe witnesses greater financial stability and there were signs of revival in a number of its constituent nations, led by Germany and U.K. The U.S. too saw better employment numbers and an improvement in its growth prospects which prompted its leaders to consider withdrawing the easy money policies that bolstered the economy. Emerging markets, however, experienced some deceleration in their growth.

On the domestic front, the economy seems to have finally bottomed out. After dipping to 4.5% during the previous year, GDP growth recovered to grow at 4.9%, largely due to revival in agriculture growth. However, the volatile rupee, stubborn inflation and stagnant industrial production continued to be a drag on the economy. Looking ahead, there are indications of a turnaround on account of better global growth, an improvement in export competitiveness and the implementation of recently approved investment projects. Additionally, the formation of a strong and stable government at the Centre is expected to augur well for India's economy due to speedier implementation of progressive policies.

Until now, stagnant domestic growth hurt consumer sentiments which were reflected in subdued demand and consumption. Further, the inflationary impact on raw material prices, largely due to the depreciation in Rupee, led to frequent price increases. Domestic demand for your Company's product was comparatively although not as good as expected. Demand from the export region was relatively better and encouraging than the domestic region which remained stagnant.

At the international business level, despite a persistently challenging global environment, some markets where your Company operates showed sign of recovery. A tight Control on expenses and lower raw material inflation helped the international operations of the Company to deliver a strong performance despite difficult market conditions.

India has become the second best in terms of growth amongst the top ten steel producing countries in the world and a net exporter of steel during 2013-14. Steel production in India recorded a growth rate of 4.8 per cent in February, 2014 over February, 2013. The cumulative growth during April-February, 2013-14 stood at 4.2 per cent over the corresponding period of the previous year.

Steel contributes to nearly two per cent of the gross domestic product (GDP) and employs over 500,000 people. The total market value of the Indian steel sector stood at US\$ 57.8 billion in 2011 and is expected to touch US\$ 95.3 billion by 2016. The infrastructure sector is India's largest steel consumer, thereby attracting investments from several global players. Owing to this connection with core infrastructure segments of the economy, the steel industry is of high priority right now. Also, steel demand is derived from other sectors like automobiles, consumer durables and infrastructure; therefore, its fortune is dependent on the growth of these user industries.

Steel castings Industry is considered to be the backbone of engineering industry serving Automotive, Agricultural, Mining and Earthmoving Equipment Industry and almost all downstream engineering industry. The FY 2013-14 was challenging with lower growth in industrial production mainly due to continuing high rate of inflation and depreciation of the rupee. These factors had an adverse impact on the economy resulting in lower GDP growth rate. Rising input costs, slow pace of industrial production, infrastructure development and the impact of global slowdown constrained the performance of the industry. All most all sectors registered lower growth rate during FY 2013-14. Hence, it affects Steel industry as well.

The Indian steel industry is largely iron-based through the blast furnace (BF) or the direct reduced iron (DRI) route. Indian steel industry is highly consolidated. About 60% of the crude steel capacity is resident with

Integrated Steel Producers (ISP). But the changing ratio of hot metal to crude steel production indicates the increasing presence of secondary steel producers (non integrated steel producers) manufacturing steel through scrap route, enhancing their dependence on imported raw material.

With urban population increasing globally, there is a greater need for steel to build public-transport infrastructure. Emerging economies will also continue to be a major driver of demand as these necessitate a huge amount of steel for urbanisation and industrialisation. The sector is expected to see an investment to the tune of about Rs. 2 trillion (US\$ 33.06 billion) in the coming years.

India's rank in the world order of steel production remained unchanged at fourth slot with an output of 81.2 million tonnes, despite logging the highest growth of 5.05% among major producing nations in 2013.

There was no change in the top three steel producing nations with China, Japan and the US retaining their slots in the respective order in 2013, World Steel Association (WSA) data revealed.

### **Government Initiative**

The liberalisation of the industrial policy and other government initiatives have given a definite impetus for entry, participation and growth of the private sector in the steel industry. The Government of India has allowed 100 per cent FDI through the automatic route in the Indian steel sector. It has significantly reduced the duty payable on finished steel products and has streamlined the associated approval process.

In order to provide thrust on research and development (R&D), the Ministry of Steel is encouraging R&D activities both in public and private steel sectors, by providing financial assistance from Steel Development Fund (SDF) and Plan Scheme of the Central Government. Under the SDF scheme, 82 R&D projects have been approved with total project cost of Rs 677 crore (US\$ 111.92 million) wherein SDF assistance is Rs 370 crore (US\$ 61.17 million). Under the Plan Scheme, eight projects were approved with a total cost of Rs 123.27 crore (US\$ 20.38 million) wherein Government assistance is Rs. 87.28 crore (US\$ 14.43 million).

To encourage beneficiation and pelletisation of iron ore fines in the country, basic customs duty on the plants and equipment required for initial setting up or substantial expansion of iron ore pellets plants and iron ore beneficiation plants has been reduced from 7.5 per cent to 2.5 per cent. Import of critical raw materials for steel industry, such as coking coal, non-coking coal and scrap are subject to zero or very low levels of custom duty.

### **Business Overview**

We are into the business of manufacturing stainless steel pipes, tubes for more than 22 years. Since inception, we have made efforts to place our self in a competitive position in the industry by proactively responding to our customer requirements. The Company has emerged as one of the leading manufacturers of stainless steel welded, seamless pipes and tubes in India and caters to both the markets domestic as well as International. At present the Company has the customers from oil and gas sector, power sector, desalination and nuclear power plants, Engineering, Capital Goods, Chemical, Sugar and various other core sector Industries. We want to leverage our strength to our benefit in future so as to become the topmost player in the stainless steel tube industry. We wish to continue to supply our products to corporate houses, increase our market share in the industry, produce quality products at the competitive rates, adopt one of the best human resource practices and also secure various certifications for standards and quality improvement. We plan to boost our exports by participating in trade fairs and exhibitions all over the World.

The Company is manufacturing stainless steel welded, seamless pipes and tubes and has setup two industrial plants at Silvassa and Umbergaon. Having set up its first Plant at Silvassa in the year 1996 with a capacity of 4,000 MT p.a., the Company expanded its capacity by setting up another plant at Umbergaon in Gujarat and presently has total capacity of 20,500 MT during the year 2013-14.

Further by considering the potential of growth in Real estate, it has been decided to enter into construction business through strategic alliance which will strengthen the Company's performance in one more pillar of growth.



Prakash Steelage Limited employs extensive internal controls, company-wide uniform reporting guidelines and additional measures, including employee training and continuing education, to ensure that its financial reporting is conducted in accordance with accepted accounting principles.

Your Company always believed that keeping a keen ear to market demand and feedback goes a long way. We have kept the customer at the center of all our strategies and this approach of Customer Centricity is paying dividends.

### **Industrial Structure**

Indian iron and steel industry can be divided into two main sectors Public Sectors and Private Sectors. Further on the basis of routes of production, the Indian industry can be divided into two types of producers.

Integrated producers: Integrated producers are those that can convert iron ore into steel;

Secondary producers: Secondary producers are the mini steel plants which make steel by melting scrap or sponge iron or a mixture of the two.

There are currently 100 small and medium scale units and 4 to 5 organised units engaged in manufacturing of stainless steel welded, seamless pipes and tubes. The domestic demand presently for stainless steel welded pipes and a tube is about 1,00,000 MT which is expected to increase up to 2,75,000 MT by the year 2015/16. The top players globally in this segment are Valmet/ Tubacex/ Centavis. Company specialises in meeting specific requirements of customers and offers complete solution for stainless steel welded and seamless pipes and tubes. The type of product varied based on the type, shape and size of the same some of which are as listed below:

- S.S. Welded Tubes
- S.S. Welded Pipes
- S.S. EFW Pipes
- S.S. Seamless Tubes
- S.S. Seamless Pipes
- Square Tubes
- U Bend Tubing
- S.S. Seamless Mother Hollows

### **Subsidiaries and Strategic Alliance**

During the year your Company has incorporated its wholly-owned subsidiary, "Pioneer Stainless & Alloys, FZC" at Ajman Free Zone, Dubai U.A.E with an object of import and export of Steel and Basic Steel products to Asian and European countries.

During the year your Company embarked on a new journey by expanding its business activities in one more stream, by making a Strategic Alliance with M/s. Karagwal Developers Private Limited for developing its idle land located at Taluka Umbergaon, Village Palgam, District Valsad, Gujarat. Under the said Strategic Alliance the Company has introduced "Krishna Industrial Park", where the Company has built industrial plots for factories, warehouses, workshops, service stations, etc. It is the ideal destination to set-up small and medium-sized enterprises like textile industries, stainless steel industries, manufacturing units, automobile industries, food & agriculture industries, mineral industries, cold storage, warehouse, etc. with world-class infrastructure facilities.

### **Financial Performance**

This report, Management's Discussion and Analysis, provides an overview of the financial position and results of activities of Prakash Steelage Limited (the "Company") for the year ended 31<sup>st</sup> March, 2014. It has been prepared by management and is required supplemental information to the financial statements and the footnotes that follow this section.

The income from operations for the year has increased to Rs.94,421.79 Lacs as compared to Rs.79,321.53 Lacs in the previous year reflecting a growth of 19.04%. The profit before tax is Rs.2,531.46 Lacs as against

Rs.2,058.59 Lacs in the previous year reflecting an increase in Profit by 22.97%. The Net Profit after Tax is Rs.1,654.92 Lacs as against Rs.1,402.70 Lacs in the previous year reflecting an increase of profit by 17.98%.

The Earning per Share (EPS) works out to be Rs.9.46 per share.

### **Outlook**

The outlook for the Company's Business in future is very good. The Management expects CAGR of over 30% during next five years.

The Government of India has allowed 100 per cent FDI through the automatic route in the Indian steel sector. It has significantly reduced the duty payable on finished steel products and has streamlined the associated approval process. The demand for steel is increasing and the prices have also firmed up during the year under report. The increase in steel making capacity by the Company will be absorbed by the increasing demand for steel products.

India's growth story was, till recently, quite attractive in comparison with many other developed and developing economies. Reforms in global economy indicate positive signal for overseas market.

### **Opportunities and Threats**

The Indian steel industry has entered into a new development stage from 2007-08, riding high on the resurgent economy and rising demand for steel. India, a developing nation, requires huge contribution from this industry, to expedite its run to reach new heights in world economy. India has large reserves of mineral resources, such as, coal, iron ore etc. and is in a strong position to mobilise these resources into productive use. Vast market potential with increasing Industries provides assured market to the industry. Recovery in Indian economy during 2009-10 has given rise to new investment opportunities which will increase demand for steel products. The demand for steel is increasing and the prices have also firmed up during the year under report. The increase in steel making capacity by the Company will be absorbed by the increasing demand for steel products.

Any change in the foreign exchange control regulation, mainly interest rates and tax laws pertaining to India affects the liquidity of cash in the market which in turn affects the purchasing power of the economy.

The global economy is reviving from slowdown and would offer better business opportunities in near future. Further, stable government placed in India would indicate positive growth signal for an Indian Industry though in near term some short term challenges.

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in implementation of its strategy and its growth and expansion plans could impact the Company's roll out schedules and cause cost and time over runs.

Risk is inherent in every business activity and Steel Industry is no exception. The Company is exposed to risks from overall market fluctuations, changes in government policy, laws of the land, taxation, man made disaster, political risks and increase in cost of inputs like Iron ore, coal, power, diesel, freight, etc. which affect the financial performance of the Company.

### **Risk Management**

Risk Management comprises three key components which are as below:

- (I) Risk identification
- (ii) Risk assessment and mitigation
- (iii) Risk monitoring and assurance

Your Company has identified the following aspects as the major risks for its operations:

- (i) Economic Risk
- (ii) Foreign Exchange Risk
- (iii) Industrial Risk

The risk mitigation plans are reviewed regularly by the **Audit Committee** of your Company.



### **Internal Control Systems and their Adequacy**

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly and applicable statutes are duly complied with. The Company has constituted an Audit Committee to monitor the adequacy and efficacy of internal control system. The Internal Control Systems are reviewed periodically and revised to keep in tune with the changing business environment.

The Company's internal control systems are supplemented by an extensively programmed of internal control conducted by an external auditor, emphasis of internal control prevails across and ensure adequacy of the control system, adherence to management instructions and legal compliances.

### **Certification**

Prakash Steelage Limited is an ISO 9001-2008, ISO 14001-2004, ISO18001-2007, PED certified and AD-2000-Merkblatt WOEIL, Lloyds, IBR Approved and Government recognized Star Export House.

### **Human Resource Development**

Your Directors recognize the value of people as one of our most valuable assets and believe that your Company's employees are central to its sustainable success. Developing, motivating, rewarding and retaining talented employees at all levels is a priority and a key responsibility of your Company's management. The Company has also provided insurance cover & has undertaken lot of welfare measures for the Employees. It is this policy of ours that has enabled us to retain talented employees and maintain harmonious relations with them.

During the year HR Department has implemented various activities that are boosting the interests of employees:

- Medical campaign for eye check-up of the plant employees
- Cricket tournament for all the HO and plant employees
- Annual get together of the Umbergaon plant employees

The employee relations continues to be the key focus of your Company and several initiatives were taken out for promoting the core value of being a trusted, fair and caring employer.

### **Statutory compliance**

The Company Secretary, as the Compliance Officer of the Company, ensures compliance of the SEBI regulations and provisions of the Listing Agreements. Compliance certificates are obtained from various units of the Company and the Board is informed of the same at every Board Meeting.

### **Cautionary statement**

Statements in this management discussion and analysis report describing the Company's objectives, projections, estimates and expectations may be termed as forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied. The readers of this report are, therefore, advised to read the same with this caution The Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information.

**For & on behalf of Board**

**Place : Mumbai**  
**Date : 13<sup>th</sup> August, 2014**

**Sd/-**  
**Prakash C. Kanugo**  
**(Chairman & Managing Director)**  
**DIN : 00286366**



## Corporate Governance Report

In accordance with Clause 49 of the Listing Agreement with BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) (Clause 49) and some of the best practices followed internationally on Corporate Governance, the report containing the details of corporate governance systems and processes at Prakash Steelage Limited is as under:

### Company's Philosophy

Your Company has formulated and implemented sound principles of Corporate Governance as per Clause 49 of the Listing Agreement entered with the Stock Exchanges. It believes that for a Company to be successful it must maintain Global Standards of Corporate Conduct towards its stakeholders. It is rewarding to be better managed and governed and to identify its activities with the National interest. To that end, your Company has always focused on good Corporate Governance which is the key driver of sustainable growth and long term value addition.

Your Company believes in transparency and openness in the working of the management and Board. Your Company views corporate governance in its widest sense almost like a trusteeship, a philosophy to be progressed, a value to be imbibed and an ideology to be ingrained into the corporate culture, as per the requirement of applicable law of Stock Exchanges and applicable provisions of both the Companies Act, 1956, and Companies Act, 2013, and the Rules made thereunder. Your Directors submit their report on the matters and practices followed by the Company.

### Board of Directors

The Board of Directors of the Company comprises of an optimum combination of Executive and Non- Executive Directors / Independent Directors. The Board is headed by an Executive Chairman. There are Four Non Executive/Independent Directors and Four Executive Directors.

The Board of Directors of the Company formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director (CMD) and Whole-time Directors manages the business of the Company under the overall supervision, control and guidance of the Board.

The name, category and designation of the Directors on the Board, their attendance at Board Meetings during the year and at the previous Annual General Meeting held on 14<sup>th</sup> August, 2013, and also the number of Directorships and Committee Memberships held by them in other Companies are given below:

Name of the Director and Designation	Attendance at the Meeting held during 2014-15		No. of Directorship in other Companies*
	Board Meeting	Last AGM	
Mr. Prakash C. Kanugo Chairman & Managing Director	4	Yes	-
Mr. Ashok M. Seth Whole-time Director (Executive)	3	Yes	-
Mr. Hemant P. Kanugo Whole-time Director (Executive)	4	Yes	-
Mr. Kamal P. Kanugo Whole-time Director (Executive)	3	Yes	-
Dr. Bipin C. Doshi Independent Director (Non-Executive)	3	No	-
Mr. Himanshu J. Thaker Independent Director (Non-Executive)	3	No	-
Mr. A. Prakashchandra Hegde Independent Director (Non-Executive)	4	Yes	-
Mr. Gautam Chand C. Jain Independent Director (Non-Executive)	3	Yes	-

\* None of the Directors are holding committee membership or Chairmanship of the committee of other Companies. Also the directorship in the Private Limited, foreign companies and Companies under Section 8 of the Companies Act, 2013 are not considered in the above table.



## Board Meetings

During the year, Four Board meetings were held, details of which are given in the table below:

Date of the Meeting	30.05.2013	14.08.2013	12.11.2013	14.02.2014
No of Directors Present	8	8	5	6

The Board Meetings are generally held at the Registered Office at 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai - 400 026.

## Board Responsibilities

The Board meets once in every quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues concerning the business.

The Board meetings are governed by a structured Agenda. The Agenda along with detailed explanatory notes and supporting material are circulated well in advance before each meeting to all the Directors. This ensures timely and informed decisions by Board. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman.

The Board meets periodically to review financial performance of the Company and the Basic governance responsibilities. As trustees of the shareholders, the Board is entrusted with ultimate responsibility of providing direction to the Company in terms of approving the strategy, maintaining their integrity, enhancing their performance and ensuring that the Company operates in the best interests of the shareholders and other stakeholders.

## Role of Independent Directors

The Non-Executive Independent Directors complies with the criteria of Independence specified under Section 149 of Companies Act, 2013, and the Rules made thereunder and also meets the requirements of Clause 49 of Listing Agreement entered into with the Stock exchanges.

The Independent Directors bring to the Company a wide range of experience, knowledge and judgement as they draw on their varied proficiencies in economics, management, and accountancy. The Independent Directors performs the various duties and functions which are specified under Schedule IV of the Companies Act, 2013.

## Profile of Directors under Clause 49 IV (G) of Listing Agreement

In compliance with Clause 49IV(G) of Listing Agreement, brief resume, expertise and details of other directorship, membership in committees of Directors of other Companies and shareholding in the Company of the Directors proposed to be re-appointed / appointed are attached along with this report.

## Committees of the Board

The Board has reviewed and approved the revised terms of reference of the Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee so as to align the same with the relevant provisions of the Companies Act, 2013, the Rules made there under and revised Clause 49 of the Listing Agreements relating to Corporate Governance. The Board also approved the changes in nomenclature of the Remuneration Committee to Nomination and Remuneration Committee and Shareholders'/Investors' Grievance Committee to Stakeholders' Relationship Committee. The Board also approved constitution of Corporate Social Responsibility Committee (CSR).

### A) Audit Committee

The Audit Committee of the Company was constituted on 25<sup>th</sup> August, 2008. The Audit Committee comprises of three Non-executive Independent Directors - Mr. Gautam Chand C. Jain, Dr. Bipin C. Doshi and Mr. A. Prakashchandra Hegde and one Whole-time Director, Mr. Ashok M. Seth.

Four Audit Committee Meetings were held during the year on 30<sup>th</sup> May, 2013, 14<sup>th</sup> August, 2013, 12<sup>th</sup> November, 2013, and 14<sup>th</sup> February, 2014.

Name of the Members	Status at the Committee	Nature of Directorship	No. of the Meeting attended
Mr. Gautam Chand C. Jain	Chairman	Independent Director	3
Dr. Bipin C. Doshi	Member	Independent Director	3
Mr. A. Prakashchandra Hegde	Member	Independent Director	4
Mr. Ashok M. Seth	Member	Whole-time Director	3

The Chairman of the Audit Committee was present at the Company's last Annual General Meeting held on 14<sup>th</sup> August, 2013. The Audit Committee meetings considered all the points in terms of its reference at periodic intervals.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's Internal Control and Financial Reporting Process. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 of the Listing Agreement.

#### Terms of Reference

- a. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and fixation of audit fee.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Recommendation to the Board of Directors, the appointment of Cost Auditor for the Company.
- e. Reviewing with the management the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; &
  - Qualifications in the draft audit report.
- f. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
- g. Reviewing, with the management, Statutory Auditor and Internal Auditor report, and adequacy of the internal control systems and recommending improvements to the Management.
- h. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- i. Discussion with internal auditors any significant findings and follow up thereon.
- j. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- k. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



- l. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- m. To review the functioning of the Whistle Blower mechanism of the Company as per Whistle Blower policy.
- n. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate.
- o. Reviewing appointment, removal and terms of remuneration of the internal auditor(s).
- p. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- q. The scope of Audit Committee has been widened to include following additional matters which Audit Committee is required to look into as per the provisions of Companies Act, 2013:
  1. To review and monitor the auditor's independence and performance, and effectiveness of audit process.
  2. To approve and/or subsequently modify the transactions of the company with related parties.
  3. Scrutiny of inter-corporate loans and investments.
  4. Valuation of undertakings or assets of the company, wherever it is necessary.
  5. Evaluation of internal financial controls and risk management systems.

The meetings of the Audit Committee during the year were held as per Clause 49 of the Listing Agreement. The Audit Committee meetings were also attended by the representatives of the Statutory Auditors, Internal Auditors and the Chief Financial Officer of the Company. The Company Secretary acts as the Secretary to the Committee and attends the meeting.

#### **B) Nomination and Remuneration Committee (erstwhile Remuneration Committee)**

Pursuant to the provisions stipulated in Schedule XIII to the Companies Act, 1956, and Clause 49 of the Listing Agreement with Stock Exchanges, Remuneration Committee of the Board was constituted on 25<sup>th</sup> August, 2008.

The Board at its meeting held on 29<sup>th</sup> May, 2014 re-named its existing Remuneration Committee as "Nomination and Remuneration Committee" as per the provisions of Section 178 of the Companies Act, 2013, and also re-constituted the said committee with the following Directors as its members:

Name of Director	Status	Nature of Directorship
Mr. Himanshu J. Thaker	Chairman	Independent Director
Dr. Bipin C. Doshi	Member	Independent Director
*Mr. A. Prakashchandra Hegde	Member	Independent Director

\* Inducted as member of the committee with effect from 29<sup>th</sup> May, 2014 in place of Mr. Hemant P. Kanugo.

During the year under review one meeting of the Remuneration Committee was held on 30<sup>th</sup> May, 2013

Name of the Members	Status	Nature	Attended
Mr. Himanshu J. Thaker	Chairman	Independent Director	Yes
Dr. Bipin C. Doshi	Member	Independent Director	Yes
Mr. Hemant P. Kanugo	Member	Whole-time Director	Yes

#### **Remuneration Policy**

The remuneration payable to the Managing Director and the Whole-time Directors are recommended by the Remuneration Committee of the Board of Directors. The remuneration structure of Managing Director and the Whole-time Directors comprises of salary, perquisites, allowances, performance bonus, commission and contribution to provident funds, superannuation and gratuity funds. Payment of remuneration to the Managing Director and the Whole-time Directors is governed by the Agreement executed between the Managing Director, Whole-time Directors and the Company. The Agreement is also approved by the Board and the shareholders of the Company in terms of Schedule XIII to the Companies Act, 1956.

The details of remuneration paid/ payable to the Directors during the financial year 2013-14 are as under

Name of the Director	Remuneration (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Mr. Prakash C. Kanugo	13,50,000	90,000	NA	14,40,000
Mr. Ashok M. Seth	10,50,000	1,86,655	NA	12,36,655
Mr. Hemant P. Kanugo	7,50,000	-	NA	7,50,000
Mr. Kamal P. Kanugo	6,30,000	-	NA	6,30,000

#### Shareholding of Directors as on 31<sup>st</sup> March, 2014

Name of the Directors	No of Equity Shares Held
Mr. Prakash C. Kanugo	37,83,500
Mr. Ashok M. Seth	4,48,400
Mr. Hemant P. Kanugo	5,61,753
Mr. Kamal P. Kanugo	5,57,752
Dr. Bipin C. Doshi (Non Executive)	Nil
Mr. Himanshu J. Thaker (Non Executive)	Nil
Mr. A. Prakashchandra Hegde (Non Executive)	Nil
Mr. Gautam Chand C. Jain (Non Executive)	Nil

The sitting fees were paid to the Independent Directors till the meeting held on 14<sup>th</sup> August, 2013, for attending the Board Meeting was Rs. 5,000/- per meeting and for attending the Audit Committee Meeting Rs. 2,000/- per meeting to each Independent Directors of the Company.

Further, the Board of Directors at its meeting held on 12<sup>th</sup> November, 2013, increased the sitting fees to be paid by the Company to the Independent Directors to Rs.15,000/- per Board meeting and Rs.5,000/- per Audit Committee Meeting. However no fee has been recommended by Board for attending the meetings of Investors' Grievance Committee, Remuneration Committee and Executive Committee.

Sitting fees paid to Non Executive Directors during the year.

Name of the Directors	Sitting Fees (Rs.)	
	Board Meeting	Audit Committee
Dr. Bipin C. Doshi	25,000	9,000
Mr. Himanshu J. Thaker	25,000	NA
Mr. A. Prakashchandra Hegde	40,000	14,000
Mr. Gautam Chand C. Jain	25,000	9,000

There is no pecuniary or business relationship between the Non-executive Directors / Independent Directors and the Company.

Your Company benefits immensely from the expertise and invaluable experience of the Non-executive / Independent Directors in achieving corporate excellence.

#### C) Stakeholders Relationship Committee (erstwhile Shareholders'/ Investors' Grievances Committee)

The Shareholders and Investors Grievances Committee was constituted at the Board meeting held on 25<sup>th</sup> August, 2008.

The Board at its meeting held on 29<sup>th</sup> May, 2014 re-named its existing Shareholders'/ Investors' Grievances Committee as 'Stakeholders' Relationship Committee' as per the provisions of Section 178 of the Companies Act, 2013, and also re-constituted the said committee with the following Directors as its members:



The composition of the Committee as at 31<sup>st</sup> March, 2014 is as follows.

Name of Director	Status at the Committee	Nature of Directorship
Dr. Bipin C. Doshi	Chairman	Independent Director
Mr. Himanshu J. Thaker	Member	Independent Director
Mr. Ashok M. Seth	Member	Whole-time Director

During the financial year 2013-14 there was no meeting of the Committee held during the period under review.

Stakeholders Relationship Committee has been constituted specifically to look into the redressal of Investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of dividend, etc.

#### Shareholders' Requests / Complaints

The details of shareholders' request/complaints received and replied by the Company during the year ended 31<sup>st</sup> March, 2014 are as under:

Particulars Complaints	Received	Resolved	Pending
Non-receipt of Annual Report	1	1	Nil
Non-receipt of Dividend	6	6	Nil
Total	7	7	Nil

#### D) Executive Committee

The Executive Committee was constituted by the Board of Directors at its meeting held on 12<sup>th</sup> November, 2010 comprising of following Directors in order to have convenience in expediting day to day matters relating to company' affairs like finance, management etc.

The composition of the Committee as at 31<sup>st</sup> March, 2014 is as follows.

Name of Member	Status at the Committee
Mr. Prakash C. Kanugo – Chairman & Managing Director	Chairman
Mr. Ashok M. Seth – Whole-time Director	Member
Mr. Hemant P. Kanugo – Whole-time Director	Member
Mr. Kamal P. Kanugo – Whole-time Director	Member

#### Terms of Reference

The Committee shall have the following powers subject to the provisions of the Companies Act, 1956, and other applicable acts and other rules and provisions:

- To borrow funds from banks, financial institution, finance companies and other lenders from time to time against security of hypothecation of goods or mortgage of assets, pledge of securities / goods or mercantile and at such rate of interest and terms and conditions of repayment etc. as would be beneficial to the Company.
- To invest surplus funds for short period.
- To lend money or give loans or security or guarantee to and from banks, financial institutions, finance companies or others in connection with facilities granted to the Company.
- To open / close bank accounts and to authorise Company's executives / officers as authorised signatory to operate bank accounts and to withdraw such authority from time to time.
- To grant Power of Attorney / revoke any Power of Attorney earlier granted from time to time as and when required.

f. To execute agreements relating to appointment of distributors / dealers / stockiest, retailers or such other agreements or documents which are required to be executed under the common seal of the Company, but excluding any related party transaction.

g. To sanction any foreign tour by executives of the Company for the Company's business.

h. To enter into Joint Venture or other business agreement / arrangement for expanding the business activity of the Company.

The decisions of the executive committee are to be ratified in the subsequent Board meetings

#### **E) Corporate Social Responsibility (CSR) Committee**

The Board at its meeting held on 29<sup>th</sup> May, 2014 approved the constitution of Corporate Social Responsibility (CSR) Committee.

The CSR committee of the Company comprises of following directors as members of Committee.

Name of Member	Status at the Committee
Dr. Bipin C. Doshi – Independent Director	Chairman
Mr. Ashok M. Seth – Whole-time Director	Member
Mr. Hemant P. Kanugo – Whole-time Director	Member

#### **The role of CSR Committee is as follows:**

- Formulating and recommend to the Board, a CSR policy and activities to be undertaken by the Company.
- Recommending the amount of expenditure to be incurred on the activities undertaken.
- Reviewing performance of the company in the area of CSR.
- Monitoring the CSR policy of the Company from time to time

#### **Subsidiary Companies**

Your company has a wholly-owned foreign subsidiary named Pioneer Stainless & Alloy, FZC, at Dubai, UAE. The audited results of the wholly-owned foreign subsidiary have been shown in consolidated financial statement of the Company for the year ended 31<sup>st</sup> March, 2014. The financial statements are prepared as per AS-21 of issued by the Institute of Chartered Accountants of India.

#### **Vigil Mechanism / Whistle Blower Policy**

In compliance with the provisions of Section 177 (9) of the Companies Act, 2013, the Board of Directors at their meeting held on 29<sup>th</sup> May, 2014 has adopted and established a Vigil Mechanism / Whistle Blower Policy for the Directors and employees of the Company to avoid the instances of unethical behaviour, actual or suspected, fraud or violation of the Company's code of conduct. The said policy has been posted on the website of the Company.

#### **Insider Trading Code**

Pursuant to the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Board of Directors of the Company has adopted a Code of Conduct for Prevention of Insider Trading in the Equity Shares of the Company.

This Code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company. Ms. Pallavi P. Shedge, Company Secretary, is the Compliance Officer for monitoring adherence to the said Regulations.

#### **Annual General Meetings**

Location, time, date and venue of the AGMs held during the preceding 3 years are as follows:





Year	Location	Date	Time
2010-11	Walchand Hirachand Hall, (4th floor) IMC Building, Churchgate, Mumbai - 400 020	12 <sup>th</sup> August, 2011	3.30 P.M.
2011-12	Victoria Memorial School for the Blind, Opp. A. C. Market, Tardeo, Mumbai - 400 034	14 <sup>th</sup> August, 2012	4.00 P.M.
2012-13	Victoria Memorial School for the Blind, Opp. A. C. Market, Tardeo, Mumbai - 400 034	14 <sup>th</sup> August, 2013	4.00 P.M.

**Details of Special Resolution(s) at Annual General Meetings held during the last three years:**

**AGM held on 14<sup>th</sup> August, 2013:**

- Re-appointment of Mr. Prakash C. Kanugo as the Managing Director.
- Re-appointment of Mr. Ashok M. Seth as a Whole-time Director.
- Re-appointment of Mr. Hemant P. Kanugo as a Whole-time Director.
- Re-appointment of Mr. Kamal P. Kanugo as a Whole-time Director.

**Details of the Special resolution(s) passed at Extraordinary General Meeting during the last three years.**

There was no Special resolution passed during the last three years in any Extraordinary General Meeting.

**There was no resolution passed through postal ballot during the year.**

**Disclosures**

The Company does not have any materially significant commercial and financial transactions with any of the related parties i.e. Promoters, Directors, Relatives, Associated Company or management having conflict, actual or potential, with the interest of the Company. The Company has complied with the statutory provisions, rules and regulations relating to the capital markets during the last year.

No penalties or strictures were imposed on the Company during the last three years by any Stock Exchanges, SEBI or any other statutory authorities on any matters related to capital markets.

During the year under review, there was no audit qualification in the Company's financial statements. The Financial Statements of the Company are prepared in compliance with Accounting Standards notified under the Companies Act, 1956 read with the General Circular No 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.

The Managing Director, CEO and other senior management personnel of the Company make presentation to the Board Members on a periodical basis to ensure that Management controls risk through a properly defined framework.

**Code of Conduct**

Your Company has adopted a Code of Conduct for all the employees including the Board Members and Senior Management Personnel of the Company in accordance with the requirement under Clause 49(I)(D) of the Listing Agreement. The Code of Conduct has been posted on the website of the Company. All the Board Members and the Senior Management Personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 31<sup>st</sup> March, 2014. The declaration to this effect signed by Mr. Prakash C. Kanugo, Chairman & Managing Director of the Company forms part of the report.

**Means of Communication**

The Company's Quarterly financial results, Half yearly and Annual results after their approval by the Board of Directors are promptly furnished to BSE and NSE where the Company's Equity are listed and are also published in the newspaper in English and in regional language (Marathi). The financial results are also displayed on the Company's website i.e. [www.prakashsteelage.com](http://www.prakashsteelage.com). Press Releases & Corporate Presentations are also displayed on the Company's website. A Management discussion and analysis report, forming part of the Directors report, is being presented in the Annual report.

### Certification by the Managing Director and the Chief Financial Officer (CFO)

Mr. Prakash C. Kanugo, Chairman & Managing Director and Mr. Ashok M. Seth, Executive Director – Finance & CFO, have issued a Certificate to the Board as prescribed under sub-clause V of Clause 49 of the Listing Agreement. The said Certificate was placed before the Board Meeting held on 29<sup>th</sup> May, 2014 in which the Audited Accounts for the Financial Year ended 31<sup>st</sup> March, 2014 were considered and approved by the Board of Directors.

### Shareholders' Information

#### 23rd Annual General Meeting Details

Day	Friday
Date	26 <sup>th</sup> September, 2014
Time	04:00 p.m.
Venue	Victoria Memorial School for the Blind, Opp. A. C. Market, Tardeo, Mumbai - 400 034

### Financial Year of the Company

Financial Year of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March.

### Book Closure Period

From: Saturday, 13<sup>th</sup> September, 2014 to Friday, 26<sup>th</sup> September, 2014 (both days inclusive).

### Dividend Payment Date

The dividend, if approved by the shareholders, shall be paid on or before 25<sup>th</sup> October, 2014.

### Listing with Stock Exchanges

The Equity Shares of the Company were listed on 25<sup>th</sup> August, 2010 on BSE Ltd. and National Stock Exchange of India Ltd., having ISIN No. INE696K01016.

### CIN No.: L27106MH1991PLC061595.

The Equity Shares of the Company are listed on the following Stock Exchanges:

Stock Exchange	Scrip Code/ Symbol
BSE Ltd. (BSE) P. J. Towers, Dalal Street, Mumbai - 400 001	533239
National Stock Exchange of India Ltd (NSE) Exchange Plaza, Bandra- Kurla Complex, Bandra (East), Mumbai - 400 051	PRAKASHSTL

### Payment of Listing Fees and Annual Custodial Fees

The Annual Listing Fee for the year 2014-15 (as applicable) have been paid by the Company to BSE and NSE.

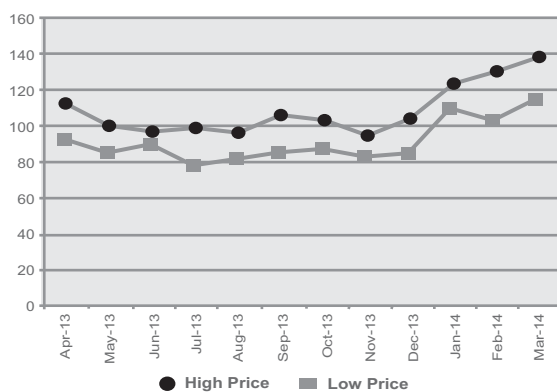
The annual custodial fees for the year 2014-15 (as applicable) have been paid by the Company to NSDL and CDSL.



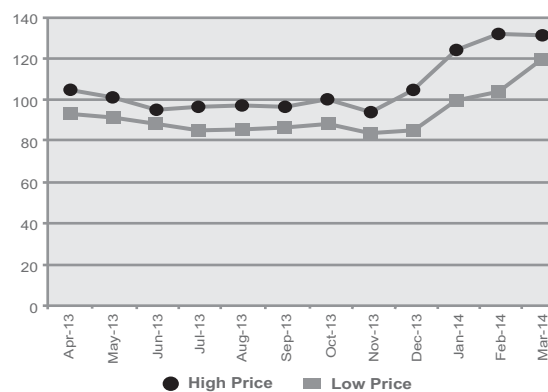
#### Share price data Monthly basis for the Financial Year 2013-14:

Month	BSE		NSE	
	High	Low	High	Low
April	113.00	93.00	105.00	93.00
May	101.00	85.00	101.00	91.00
June	96.50	90.00	95.00	88.45
July	99.70	78.05	97.00	85.00
August	96.95	82.00	96.80	85.05
September	106.90	85.50	96.35	87.00
October	104.20	87.15	100.00	88.10
November	94.95	83.15	93.95	84.00
December	104.50	84.80	104.75	85.00
January	124.00	100.10	124.00	100.00
February	131.00	103.20	131.90	104.05
March	138.80	115.00	131.10	120.00

Monthly High Low (BSE)



Monthly High Low (NSE)



#### Manufacturing Units

**Silvassa:** Survey No. 46/1, Parjai Road,  
Village: Kherdi, Silvassa - 396 230, Union Territory  
Dadra & Nagar Haveli (India)

**Umbergaon:** Plot No.131/1,  
Umbergaon, Sanjan Road,  
Umbergaon - 396 170, Dist.Valsad,  
Gujarat (India)

#### Registrar & Transfer Agents

##### Bigshare Services Private Limited

E2/3, Ansa Industrial Estate, Sakivihar Road,  
Sakinaka, Andheri (East), Mumbai – 400 072

Tel: +91-022-28470632/53 • Fax: +91-022-28475207

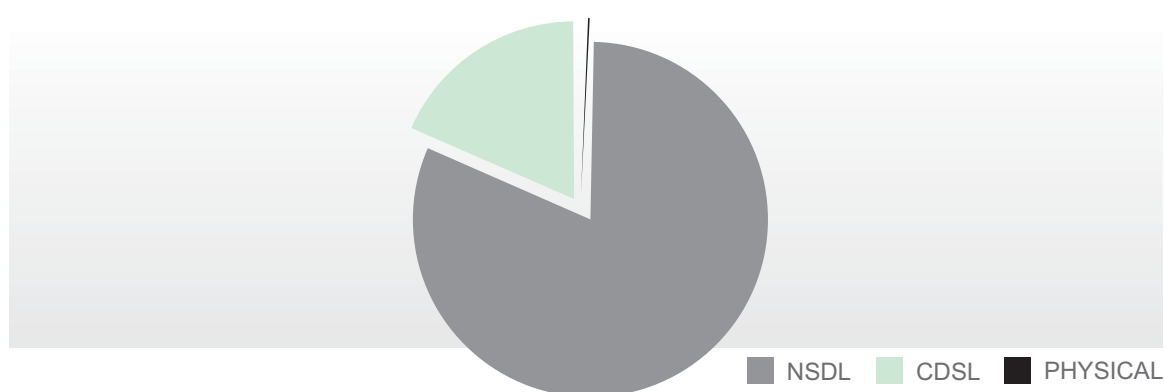
Email: babu@bigshareonline.com • Website: www.bigshareonline.com

**Shareholding as on 31<sup>st</sup> March, 2014****► Distribution of Shareholding as on 31<sup>st</sup> March, 2014**

Sr. No.	Category Shares	Number of Shareholders	Percentage of Total	Share Amount	Percentage of Total
1.	1-5000	2,967	94.82	24,65,290	1.41
2.	5001-10000	63	2.01	5,10,480	0.29
3.	10001- 20000	27	0.86	4,27,550	0.24
4.	20001- 30000	8	0.26	1,89,390	0.11
5.	30001- 40000	3	0.10	97,850	0.06
6.	40001 -50000	3	0.10	1,50,000	0.09
7.	50001 -100000	8	0.26	5,82,890	0.33
8.	100001 & Above	50	1.60	17,05,76,940	97.47
	<b>Total</b>	<b>3,129</b>	<b>100.00</b>	<b>17,50,00,390</b>	<b>100.00</b>

**► Dematerialisation of shareholding**

The Company has established connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar- Bigshare Services Private Limited. This has facilitated the shareholders to hold and trade their shares in 'electronic form'. Almost the entire shareholding (99.99%) is held in dematerialized form with NSDL 1,42,38,517 Shares (81%) and CDSL 32,61,518 Shares (19%) as on 31<sup>st</sup> March, 2014 and only 4 shares are in physical form.

**Dematerialized Position as of 31<sup>st</sup> March, 2014****Address for Investor Correspondence****Ms. Pallavi P. Shedge****Company Secretary & Compliance Officer**

Prakash Steelage Limited

701, Mahalaxmi Chambers, Bhulabhai Desai Road,  
Mahalaxmi, Mumbai - 400 026

Tel.: 022-66134500 • Fax : 022-66134599

Email: cs@prakashsteelage.com

**Registrar & Transfer Agents**

Bigshare Services Private Limited

E2/3, Ansa Industrial Estate,

Sakivihar Road, Sakinaka,

Andheri (East), Mumbai - 400 072

Tel: +91-022-28470632/53

Fax: +91-022-28475207

Email: babu@bigshareonline.com



**Pursuant to Clause 49 (IV)(G) under Corporate Governance of the Listing Agreement with the Stock Exchanges, the particulars of Independent Director and Whole-time Director who is proposed to be appointed / re-appointed are given below:**

**Mr. A. Prakashchandra Hegde**  
Independent Director (Non-executive)

DIN 02266510

Date of Birth: 02.11.1949

Date of Appointment: 28.05.2012

Qualification and Experience: Mr. A. Prakashchandra Hegde is a B. Com., LL.B., CAIIB (I) by qualification. He is a retired General Manager Vijaya bank a public sector bank, having experience of over 39 years in the banking field. As a General Manager of the Bank he was heading Mumbai Region one of the prestigious region of the bank and was heading banks retail credit Department at head office Bangalore as General Manager prior to his superannuation. He is the recipient of many awards during his various assignments in the bank, the latest one being the 'Best Region' of the bank in Metro category received during the year 2009. During his service for the Bank Mr. Hegde has served the bank in nook and corner of the country and participated in overseas training in banking issues conducted by Asian Institute of Management at Manila Philippine, Euro money training of UK in London, besides RBI and other renowned domestic financial institutions.

Directorships held in other Public Companies (excluding foreign Companies & Section 25 Companies): Nil

Memberships/Chairmanships of committees of other Public Limited Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee): Nil

Number of Equity shares held in the Company: Nil

Relationship with other Director: None

**Mr. Gautam Chand C. Jain**  
Independent Director (Non-executive)

DIN 02809603

Date of Birth: 08.07.1983

Date of Appointment: 02.09.2009

Qualification and Experience: Mr. Gautam Chand C. Jain is a Chartered Accountant by qualification. He is currently employed with KBS Capital Management Limited as a Senior Analyst since June 2008. He has also worked with Morgan Stanley as Senior Associate in the Investment Banking Division from April 2006 to May 2008.

Directorships held in other Public Companies (excluding foreign Companies & Section 25 Companies): Nil

Memberships/Chairmanships of committees of other Public Limited Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee): Nil

Number of Equity shares held in the Company: Nil

Relationship with other Director: None

**Dr. Bipin C. Doshi**

Independent Director (Non-executive)

DIN 00322143

Date of Birth: 26.11.1950

Date of Appointment: 25.08.2008

Qualification and Experience: Dr. Bipin C. Doshi is a physician with MBBS from University of Mumbai and MS in counseling from Mumbai. He is also a post graduate in Pediatrics & Medico legal System from Fellow – College of General Practitioner & College of Chest Physicians from Pune.

Directorships held in other Public Companies (excluding foreign Companies & Section 25 Companies): Nil

Memberships/Chairmanships of committees of other Public Limited Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee): Nil

Number of Equity shares held in the Company: Nil

Relationship with other Director: None

**Mr. Himanshu J. Thaker**

Independent Director (Non-executive)

DIN 02325297

Date of Birth: 01.09.1948

Date of Appointment: 25.08.2008

Qualification and Experience: Mr. Himanshu J. Thaker has done his graduation in Metallurgical Engineering (B.E. Metallurgy) from MS University Vadodara in the year 1971. He has almost 25 years of experience in the Industry. He has been associated with Companies like Jyoti Limited, Vadodara, Gujarat Steel Tubes Ltd, Gujarat Gajara Pinions Ltd., Keystone India Ltd, Ratnamani Metals & Tubes Limited, Suzlon Structures Ltd. etc.

Directorships held in other Public Companies (excluding foreign Companies & Section 25 Companies): Nil

Memberships/Chairmanships of committees of other Public Limited Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee): Nil

Number of Equity shares held in the Company: Nil

Relationship with other Director: None

**Mr. Kamal P. Kanugo**

Whole-time Director

DIN 02023367

Date of Birth: 11.03.1984

Date of Appointment: 16.05.2008

Qualification and Experience: Mr. Kamal P. Kanugo is a B.E. (Industrial Engineering) from U.S.A. He looks after the international marketing and exports of the Company.

Directorships held in other Public Companies (excluding foreign Companies & Section 25 Companies): Nil



Memberships/Chairmanships of committees of other Public Limited Companies (includes only Audit Committee and Shareholders/Investors Grievance Committee): Nil

Number of Equity shares held in the Company: 5,57,752

Relationship with other Director: Mr. Kamal P. Kanugo is son of Mr. Prakash C. Kanugo and Brother of Mr. Hemant P. Kanugo none other Director is related to him

**Shareholding Pattern as on 31<sup>st</sup> March, 2014**

Particulars	No. of Shares	% age
Promoters, including relatives of Directors and Corporate bodies.	1,17,27,024	67.01
Foreign Inst. Investors(FII)	7,39,992	4.23
Non Institutional Investors:-		
Other Bodies Corporate	33,39,967	19.08
Clearing Members	2,033	0.01
Non Resident Indian(NRI)	6,714	0.04
Others	16,84,309	9.63
<b>Grand Total</b>	<b>1,75,00,039</b>	<b>100.00</b>



## Annexure to Corporate Governance Report

### Declaration of Compliance with the code of conduct

All Board members and Senior Management Personnel have, for the year ended 31<sup>st</sup> March, 2014, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

Sd/-

**Prakash C. Kanugo**  
**Chairman & Managing Director**  
**DIN : 00286366**

**Mumbai, 13<sup>th</sup> August, 2014**

### Practicing Company Secretary Certificate on compliance of Corporate Governance as stipulated in Clause 49 of the listing Agreement

To

The Members of Prakash Steelage Limited

We have read the Report of Directors on Corporate Governance and have examined the relevant records relating to compliance of condition of Corporate Governance by Prakash Steelage Limited for the year ended on 31<sup>st</sup> March, 2014, as stipulated in Clause-49 of the Listing Agreement executed by the Company with the Stock Exchanges.

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

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

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

**For S. ANANTHA & Co.,**  
**Company Secretaries**

Sd/-

**S. Anantha Rama Subramanian**  
**Proprietor**  
**FCS 4443, C.P. NO.1925**

**Place: Mumbai**

**Date: 13<sup>th</sup> August, 2014**



**Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on financial statements of the Company**

We, Prakash C. Kanugo, Chairman & Managing Director and Ashok M. Seth, Whole-time Director – Finance and CFO, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended 31<sup>st</sup> March, 2014 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement nor omit any material fact nor contain statements that might be misleading; and
  - These statements present true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. 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 in violation of the Company's code of conduct;
3. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company 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 that we have taken or propose to take to rectify the identified deficiencies; and
4. That we have informed the auditors and the Audit Committee of:
  - i. Significant changes in internal control 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.

**Sd/-**  
**Prakash C. Kanugo**  
**Chairman & Managing Director**  
**DIN : 00286366**

**Sd/-**  
**Ashok M. Seth**  
**Executive Director – Finance &**  
**Chief Financial Officer**  
**DIN : 00309706**

**Mumbai, 29<sup>th</sup> May, 2014**

## Independent Auditors' Report

### To the Members of Prakash Steelage Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Prakash Steelage Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

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

#### Auditors' Responsibility

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, 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.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**FOR KHADELWAL JAIN & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

**FOR D. C. BOTHRA & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

Sd/-  
**NARENDRA JAIN**  
PARTNER  
MEMBERSHIP NO. 048725

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
MEMBERSHIP NO. 031215

PLACE : MUMBAI  
DATE : 29<sup>TH</sup> MAY, 2014

## Annexure to the Independent Auditors' Report

**Annexure referred to in paragraph 1 under the heading of “Report on Other Legal and Regulatory Requirements” of Independent Auditors' Report to the members of Prakash Steelage Limited (“the Company”) for the year ended March 31, 2014. We report that:**

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets by the management, as informed to us, is at reasonable intervals, having regard to the size of the Company and the nature of the assets physically verified and as explained to us no material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets.
- ii) (a) Inventory have been physically verified by the management at reasonable intervals. In our opinion, 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 inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. Discrepancies noticed on verification by management between the physical stocks and the book records were not material and same have been properly dealt with in the books of account.
- iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any company, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4 (iii) (b) (c) (d) are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has taken unsecured loans during the year from a company and a director covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.35,00,00,000 and the year-end balance of loans taken from such parties was Rs. 25,00,00,000.
- (c) In our opinion, the rate of interest and other terms and conditions on which such loans have been taken from a company and a director listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (d) According to the information and explanations given to us, repayment of principal and interest thereon were in accordance with the terms and conditions of loan.
- iv) In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements, referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



- vi) In our opinion and according to information and explanations given to us, no public deposits under the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed have been accepted by the Company. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) According to information and explanations given to us, the Company has maintained books of account and records required to be maintained pursuant to the rule prescribed by the central government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.
- ix) (a) Undisputed Statutory Dues including Employees' Provident Fund, Employees' State Insurance (ESIC), Value Added Tax, Central Sales Tax, Entry Tax, Tax Deducted at Source (TDS), Income Tax, Wealth Tax, Service Tax and Profession Tax have generally been regularly deposited with the appropriate authorities, however, there have been delays in depositing such dues in some cases. According to the information and explanations given to us, there were no undisputed statutory dues which have remained outstanding as at March 31, 2014 for the 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, dues in respect of Sales-Tax, Income-Tax, Customs Duty, Wealth Tax, Service Tax, Entry Tax, Value Added Tax, Central Sales Tax, Excise Duty, Cess as at March 31, 2014 that have not been deposited with the appropriate authority on account of any disputes and the forum where the dispute is pending are as under:-

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs.)	Forum where dispute is pending
1	Bombay Sales Tax Act	Sales Tax	1994-95	79,202/-	Dy. Comm. Sales Tax (Appeal) IV, Mumbai
2	Bombay Sales Tax Act	Sales Tax	1995-96	59,317/-	Dy. Comm. Sales Tax (Appeal) IV, Mumbai
3	Central Sales Tax Act	Central Sales Tax	1995-96	2,85,360/-	Dy. Comm. Sales Tax (Appeal) IV, Mumbai
4	Central Sales Tax Act, 1958	Central Sales Tax	2009-10	42,53,968/-	Joint Comm. Sales Tax (Appeal) IV, Mumbai
5	Maharashtra VAT Act, 2002	Sales Tax	2009-10	1,07,56,527/-	Joint Comm. Sales Tax (Appeal) IV, Mumbai

- x) The Company has no accumulated losses at the end of the financial year and has not incurred cash loss in the current financial year or in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- xii) Based on the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society.
- xiv) In our opinion and according to the information and explanations given to us, the Company has not done dealing or trading in shares, securities, debentures and other investments during the year under audit.
- xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

- xvi) In our opinion and according to the information and explanations given to us, the term loans raised during the year have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an examination of the Balance Sheet of the Company, we report that, on an overall basis, funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) In our opinion and according to the information and explanations given to us, the Company has not issued any debentures during the year or in earlier years.
- xx) The Company has not raised any money by public issue during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**FOR KHANDELWAL JAIN & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

**FOR D. C. BOTHRA & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

Sd/-  
**NARENDRA JAIN**  
PARTNER  
MEMBERSHIP NO. 048725

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
MEMBERSHIP NO. 031215

PLACE : MUMBAI  
DATE : 29<sup>TH</sup> MAY, 2014





## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014

Particulars	Notes	As At 31-03-2014 Rs.	As At 31-03-2013 Rs.
<b>I Equity And Liabilities</b>			
<b>1 Shareholders' Funds</b>			
a Share Capital	2	175,000,390	175,000,390
b Reserves And Surplus	3	1,620,430,605	1,475,412,484
<b>2 Non-Current Liabilities</b>			
a Long Term Borrowings	4	391,010,274	55,698,819
b Deferred Tax Liabilities (Net)	5	72,377,189	64,953,503
c Long Term Provisions	6	6,295,509	7,832,074
<b>3 Current Liabilities</b>			
a Short Term Borrowings	7	2,188,785,810	1,959,306,007
b Trade Payables	8	1,585,359,322	1,350,251,532
c Other Current Liabilities	8	260,524,753	217,326,363
d Short Term Provisions	6	70,967,685	41,373,860
<b>Total</b>		<b>6,370,751,537</b>	<b>5,347,155,032</b>
<b>II Assets</b>			
<b>1 Non-Current Assets</b>			
a Fixed Assets	9		
i Tangible Assets		821,251,328	704,106,644
ii Intangible Assets		18,231,808	2,908,650
b Capital Work In Progress		6,819,292	118,129,294
c Intangible Assets Under Development		-	20,069,617
d Non-Current Investment	10	4,035,469	-
e Long Term Loans And Advances	11	100,279,018	87,868,473
f Other Non-Current Assets	12	8,330,901	25,885,497
<b>2 Current Assets</b>			
a Inventories	13	2,054,577,596	1,876,954,149
b Trade Receivables	14	2,791,798,245	2,019,733,308
c Cash And Bank Balances	15	182,458,597	145,216,958
d Short Term Loans And Advances	11	326,492,366	282,845,204
e Other Current Assets	12	56,476,917	63,437,237
<b>Total</b>		<b>6,370,751,537</b>	<b>5,347,155,032</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements  
AS PER OUR REPORT OF EVEN DATE

FOR KHANDELWAL JAIN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

Sd/-  
**NARENDRA JAIN**  
PARTNER  
M.NO.048725

FOR D. C. BOTHRA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
M.NO.031215

FOR AND ON BEHALF OF THE BOARD

Sd/-  
**PRAKASH C. KANUGO**  
CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
**ASHOK M. SETH**  
EXECUTIVE DIRECTOR &  
CHIEF FINANCIAL OFFICER

PLACE : MUMBAI  
DATE : 29<sup>TH</sup> MAY, 2014

Sd/-  
**PALLAVI P. SHEDGE**  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

Particulars	Notes	Year Ended 31-03-2014 Rs.	Year Ended 31-03-2013 Rs.
<b>Income</b>			
Revenue From Operations ( Gross )	16	9,621,674,470	8,169,700,647
Less: Excise Duty		179,495,577	237,547,367
Revenue From Operations ( Net )		9,442,178,893	7,932,153,280
Other Income	17	41,176,556	96,445,652
<b>Total Revenue (I)</b>		<b>9,483,355,449</b>	<b>8,028,598,932</b>
<b>Expenses</b>			
Purchases		6,749,251,330	5,155,680,793
Conversion of land into stock in trade	39	8,818,164	-
Raw Material Consumed	18	1,923,486,965	2,383,765,353
Increase / (Decrease) In Stock	19	(338,456,781)	(631,754,320)
Stores & Spares Consumed		93,913,273	153,698,429
Employee Benefit Expenses	20	99,951,094	105,658,115
Finance Costs	21	353,210,298	298,509,373
Depreciation And Amortisation	9	80,866,737	72,372,145
Other Expenses	22	276,699,858	283,709,937
<b>Total Expenses (II)</b>		<b>9,247,740,939</b>	<b>7,821,639,825</b>
<b>Profit / (Loss) Before Exceptional Item And Prior Period Adjustments</b>		<b>235,614,510</b>	<b>206,959,107</b>
Prior Period Adjustments	33	31,090	(1,100,001)
Exceptional Item	34	17,500,000	-
<b>Profit/(Loss) Before Tax</b>		<b>253,145,600</b>	<b>205,859,106</b>
<b>Tax Expenses</b>			
Current Tax		80,091,000	66,874,000
Deferred Tax		7,423,686	5,367,127
Income Tax Relating To Earlier Years		138,622	(6,652,232)
<b>Total Tax Expenses</b>		<b>87,653,308</b>	<b>65,588,895</b>
<b>Profit/(Loss) After Tax</b>		<b>165,492,292</b>	<b>140,270,211</b>
Earnings Per Equity Share (Basic And Diluted)	23	9.46	8.02
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements  
AS PER OUR REPORT OF EVEN DATE

FOR KHANDELWAL JAIN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

FOR D. C. BOTHRA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

FOR AND ON BEHALF OF THE BOARD

Sd/-  
**NARENDRA JAIN**  
PARTNER  
M.NO.048725

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
M.NO.031215

Sd/-  
**PRAKASH C. KANUGO**  
CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
**ASHOK M. SETH**  
EXECUTIVE DIRECTOR &  
CHIEF FINANCIAL OFFICER

**PLACE : MUMBAI**  
**DATE : 29<sup>TH</sup> MAY, 2014**

Sd/-  
**PALLAVI P. SHEDGE**  
COMPANY SECRETARY  
& COMPLIANCE OFFICER



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

Particulars	Year Ended 31-03-2014 Rs.	Year Ended 31-03-2013 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Prior period Adjustment & exceptional item	235,614,510	206,959,107
<b>Adjustment for:</b>		
Depreciation and Amortisation	80,866,737	72,372,145
Profit on Sale of Vehicle	(19,508)	-
Exceptional Item (gain on cancellation of contract)	17,500,000	-
Loss on Sale/Theft of Fixed Assets	5,109,670	81,420
Sundry Balances Written Back / Off (Net)	31,326,734	(9,284,930)
Provision for Doubtful Debts	4,420,192	1,008,917
Excess provision written back	-	(2,425,395)
Provision for Wealth Tax	63,700	72,768
Unrealised gains and losses arising from changes in foreign exchange rates	2,724,823	7,130,984
Interest Received	(37,608,078)	(83,973,915)
Finance Cost	353,210,298	298,509,373
<b>Operating Profit Before Working Capital Changes</b>	<b>693,209,079</b>	<b>490,450,474</b>
<b>Adjustment for:</b>		
Inventories	(168,805,283)	(425,939,473)
Trade & Other Receivables	(847,806,601)	449,924,762
Trade Payables & Other Current Liabilities	288,125,532	(158,151,024)
<b>Cash Generated from Operations</b>	<b>(35,277,273)</b>	<b>356,284,739</b>
Direct Taxes Paid ( Net of Refund )	(53,184,981)	(80,911,029)
<b>Cash Flow before prior period Adjustments &amp; Exceptional item</b>	<b>(88,462,254)</b>	<b>275,373,710</b>
Prior Period Adjustments	31,090	(1,100,001)
<b>Net Cash From / ( Used In ) Operating Activities (A)</b>	<b>(88,431,164)</b>	<b>274,273,709</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets / Capital work-in-progress	(152,956,270)	(117,798,683)
Investment in subsidiary	(3,035,469)	-
Investment in mutual fund	(1,000,000)	-
Investment in Bank Deposits	25,121,819	(12,854,789)
Sale of Fixed Assets	2,471,112	541,937
Interest Received	36,829,652	85,409,091
<b>Net Cash From / (Used In) Investing Activities (B)</b>	<b>(92,569,156)</b>	<b>(44,702,445)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Secured Borrowings (Net)	424,356,326	163,230,456
Repayment / (proceeds) from Unsecured Borrowings (Net)	170,869,043	(68,482,055)
Finance Cost Paid	(348,185,679)	(298,308,454)
Dividend & Dividend Tax Paid	(20,456,621)	(20,318,247)
Share Issue Expenses	-	-
<b>Net Cash From / (Used In) Financing Activities (C)</b>	<b>226,583,069</b>	<b>(223,878,300)</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents (A)+(B)+(C)</b>	<b>45,582,749</b>	<b>5,692,964</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>46,552,174</b>	<b>40,889,044</b>
<b>Exchange differences on translation of foreign currency</b>		
<b>Cash and Cash equivalents</b>	<b>(34,182)</b>	<b>(29,834)</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>92,100,741</b>	<b>46,552,174</b>

**NOTES:**

- Above statment has been prepared by the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement as specified in the Companies (Accounting Standards) Rules, 2006.
- Cash and Cash equivalent at the end of the year includes earmarked balance with Bank of unpaid dividend of Rs.63,323/- (previous year Rs.45,773/-).
- Figures for the previous year are re-classified / re-arranged / re-grouped, wherever necessary.

AS PER OUR REPORT OF EVEN DATE ATTACHED.

**FOR KHANDELWAL JAIN & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W  
Sd/-  
**NARENDRA JAIN**  
PARTNER  
M.NO.048725

**FOR D. C. BOTHRA & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W  
Sd/-  
**PAWAN BOTHRA**  
PARTNER  
M.NO.031215

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PRAKASH C. KANUGO**  
CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
**ASHOK M. SETH**  
EXECUTIVE DIRECTOR &  
CHIEF FINANCIAL OFFICER

**PLACE : MUMBAI**  
**DATE : 29<sup>TH</sup> MAY, 2014**

Sd/-  
**PALLAVI P. SHEDGE**  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

### 1 Summary of significant accounting policies

#### a) Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (India GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 211(3C) (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

#### b) Use of estimates

The preparation of financial statements in conformity with India GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### c) Fixed Assets

Fixed Assets have been stated at cost of acquisition inclusive of expenses directly attributable to the acquisition of such assets. Elements of refundable duties and taxes on capital goods purchased have been reduced from the total cost of such assets.

#### d) Depreciation

Depreciation on fixed assets has been provided on Written Down Value (WDV) Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for Fixed Assets pertaining to Umbergaon Unit where depreciation is charged on Straight Line Method (SLM) at the rates prescribed in schedule XIV to the Companies Act, 1956.

#### e) Pre-operative Expenses and Allocation thereon

All pre-operative expenditure & trial run expenditure are accumulated as Capital Work-in-Progress and is allocated to the relevant fixed assets on a pro-rata / reasonable basis.

#### f) Valuation of Inventories

- i) Raw Materials have been valued at lower of cost or net realisable value based upon FIFO method except where the material is specifically identifiable.
- ii) Work-in-progress has been valued on cost of raw-material and other direct cost depending upon the stage of completion of production in general.
- iii) Finished goods and trading stocks have been valued at lower of cost or net realisable value based upon FIFO method except where the finished goods are specifically identifiable.
- iv) "Land for Industrial Park Project" is valued at lower of cost or net realisable value.
- v) Scrap, defectives and inferior production have been valued at net realisable value.
- vi) Stores, spares and consumables have been valued at lower of cost or net realisable value.

Cost/Rate considered above for valuation of inventory is exclusive of Cenvat, refundable CVD and VAT component and inclusive of other direct cost incurred for acquiring the respective material.



**g) Material Events occurring after the Balance Sheet date**

Material events occurring after the date of Balance Sheet have been taken cognizance of liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty have been treated as contingent liability and are disclosed by way of notes to accounts.

**h) Revenue Recognition**

A sale is recognized at the time of dispatching the goods to the customer excluding Value Added Tax & Excise Duty collection. Purchases including import purchases are recognized net of refundable Value Added Tax and Duty component at the time of receipt of goods.

Export benefits have been recognized at the time of making the export sales & valued on estimated monetary benefit receivable there from.

Revenue in respect of real estate sales (Industrial park project) is recognized when the Company has transferred to the buyer all significant risks and rewards of ownership, i.e., when the buyer has entered into an agreement for sale which is duly registered and according to which the buyer has a legal right to sell or transfer his interest in the property as provided in AS-9 "Revenue Recognition" and AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.

**i) Foreign Exchange Transactions**

- i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference.
- iii) Non monetary foreign currency items are carried at cost.
- iv) Exchange differences, other than those which are regarded as an adjustment to interest cost, arising on repayment of liabilities and conversion of year-end foreign currency balances pertaining to long term loans for acquiring depreciable assets including capital work in progress are adjusted in the carrying cost of these assets.
- v) The premium or discount arising at the inception of a forward exchange contract not intended for trading or speculation purpose is amortised as expense or income over the life of the contract. Exchange difference on account of change in rates of underlying currency at the year end is recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or expense for the Year.

In recording a forward exchange contract intended for trading or speculation purpose, the premium or discount on the contract is ignored and at each Balance Sheet date, the value of the contract is marked to its current market value and gain or loss on the contract is recognized in the Statement of Profit and Loss.

- vi) The exchange difference arising on revenue and other account except as stated under (iv) above and (p) below is adjusted in the Statement of Profit and Loss.

**j) Employee Benefits**

- i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.
- ii) Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using



actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss.

**k) Preliminary and Share Issue Expenses**

Preliminary and Share Issue expenses are written off in the year in which such expenditure is incurred.

**l) Excise Duty on Finished Goods**

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in the stock as at the year end.

**m) Duties and Taxes on Purchases**

Refundable duties and taxes on purchase of Raw Materials, other eligible inputs and capital goods are adjusted against duties and taxes payable. The unadjusted credits of such duties and taxes are shown under the head "Loans and Advances".

**n) Export Benefits**

The Company accounts for Export Benefits under duty exemption Advance License Scheme of the Government of India, in the year of exports of goods.

**o) Prior Period Adjustment**

Expenses and income pertaining to earlier / previous years are accounted as Prior Period Items.

**p) Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying fixed assets are capitalised as part of cost of assets, up to the date, the asset is put to use. Borrowing costs also include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

**q) Provision for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. 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. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**r) Investments**

Long Term investments are valued at cost. Provision for diminution in value investment is made to recognize a decline other than temporary.

Current investments are valued at cost or market value whichever is lower on the last day of financial year.

**s) Impairment of Assets:**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which assets are identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

**t) Provisions, Contingent liabilities and Contingent assets**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.



#### u) Earning Per Share (E.P.S.)

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti dilutive.

## 2 Share Capital

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Authorised</b> 20,000,000 (P.Y. 20,000,000) Equity Shares of Rs. 10/- each	200,000,000	200,000,000
<b>Issued Subscribed &amp; Paid up</b> 17,500,039 (P.Y. 17,500,039) Equity Shares of Rs. 10/- each fully paid-up	175,000,390	175,000,390
<b>Total</b>	<b>175,000,390</b>	<b>175,000,390</b>

#### a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
	Nos.	In Rs.	Nos.	In Rs.
At the beginning of the period	17,500,039	175,000,390	17,500,039	175,000,390
Issued during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>17,500,039</b>	<b>175,000,390</b>	<b>17,500,039</b>	<b>175,000,390</b>

#### b Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in their meeting on 29<sup>th</sup> May, 2014, proposed a final dividend of Re 1/- per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 13<sup>th</sup> August, 2014. The total dividend appropriation for the year ended 31<sup>st</sup> March, 2014 amounted to Rs.1,75,00,039/- excluding corporate dividend tax of Rs. 29,74,132/-.

During the year ended 31<sup>st</sup> March, 2013, the amount of final dividend recognized as distributions to equity shareholders was Re.1/- per equity share. The total dividend appropriation for the year ended 31<sup>st</sup> March, 2013 amounted to Rs.1,75,00,039/- excluding corporate dividend tax of Rs. 29,74,132/-

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

#### c Details of shareholders holding more than 5% shares in the Company

	31 <sup>st</sup> March, 2014		31 <sup>st</sup> March, 2013	
	No. of Shares (Rs. 10/- each)	% of holding in the class	No. of Shares (Rs. 10/- each)	% of holding in the class
<b>Equity shares of Rs. 10 each fully paid</b>				
Prakash C. Kanugo	3,783,500	21.62%	3,783,500	21.62%
AMS Trading and Investment Private Limited	2,876,000	16.43%	2,876,000	16.43%
Seth Iron and Steel Private Limited	1,490,000	8.51%	1,490,000	8.51%
Balmiki Agencies Private Limited	970,649	5.55%	970,649	5.55%



### 3 Reserves & Surplus

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Share Premium Account</b>		
As Per Last Balance Sheet	671,589,261	671,589,261
<b>Closing balance</b>	<b>671,589,261</b>	<b>671,589,261</b>
<b>General Reserve</b>		
As per Last Balance Sheet	225,312,948	175,312,948
Add : Amount Transferred from surplus balance in the statement of Profit and Loss	50,000,000	50,000,000
<b>Closing balance</b>	<b>275,312,948</b>	<b>225,312,948</b>
<b>Surplus / ( Deficit ) in the statement of profit and loss</b>		
As per Last Balance Sheet	578,510,275	508,714,235
Add : Profit for the year	165,492,292	140,270,211
Less : Appropriations		
Transfer to General Reserve	50,000,000	50,000,000
Dividend Proposed	17,500,039	17,500,039
Dividend Distribution Tax	2,974,132	2,974,132
Total Appropriations	70,474,171	70,474,171
Net Surplus in the statement of Profit and Loss	<b>673,528,396</b>	<b>578,510,275</b>
<b>Total Reserve and Surplus</b>	<b>1,620,430,605</b>	<b>1,475,412,484</b>

### 4 Long Term Borrowings

	Non Current portion		Current Maturities	
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>Term Loans</b>				
Indian rupee loan from Banks (Secured)	138,331,331	43,755,275	50,888,568	17,493,168
Indian rupee loan from Promoter Director (Un Secured)	250,000,000	-	-	-
<b>Working Capital Loan</b>				
Indian rupee loan from NBFC (Unsecured)	-	10,000,000	10,000,000	17,000,000
<b>Vehicle Loans</b>				
From Banks (Secured)	2,678,943	1,943,544	948,495	3,091,150
From NBFC's (Secured)	-	-	-	346,284
	<b>391,010,274</b>	<b>55,698,819</b>	<b>61,837,063</b>	<b>37,930,602</b>
<b>The above amount includes</b>				
Secured Borrowings	141,010,274	45,698,819	51,837,063	20,930,602
Unsecured Borrowings	250,000,000	10,000,000	10,000,000	17,000,000
Amount Disclosed under the head "Other current liabilities " ( Note 8)	-	-	61,837,063	37,930,602
<b>Net Amount</b>	<b>391,010,274</b>	<b>55,698,819</b>	<b>-</b>	<b>-</b>

- a (i) Indian rupee loan from Banks (secured) carries interest @ 15.50 % p.a (previous year 15.50% p.a.). The loan is repayable in 84 monthly installments of Rs 1,460,714/- each along with interest from the date of loan, viz., 10<sup>th</sup> July, 2008 the loan is secured by way of mortgage



of factory land & building, and hypothecation of plant & machinery of Company at Umbergaon. (First pari passu charge between Vijaya Bank and Bank of Baroda )

- (ii) Indian rupee loan from Banks (secured) carries interest 13% p.a. to 14.25 % p.a. The loan is repayable after 15 months from the date of first disbursement (date: 18.05.2013) in 59 monthly equal installments of Rs 4,170,000/- and last installment will be of Rs. 3,970,000/- along with interest from the date of loan, Interest and other charges to be paid as and when debited. This loan is secured by way of mortgage of factory land & building, and hypothecation of plant & machinery of Company at Umbergaon. (First pari passu charge with Vijaya Bank and Bank of Baroda). Also second pari passu charge on current assets of the Company including stocks and book debts.
- b Indian rupee loan from Promoter Director (Unsecured) taken from a proprietary concern of a Promoter Director, carries interest @ 9.00% . The loan is repayable after the expiry of 5 years with an option to be paid fully or in trenches. The interest is payable on yearly basis. The said loan has been introduced as per the loan sanction terms & conditions of Vijaya bank & Bank of India. and shall remain in the business during the currency of the loan from both the banks.
- c Working Capital loan from NBFC (unsecured) taken on 26<sup>th</sup> February, 2013 for a period of 24 months carrying interest rate of 10.75% p.a. (previous year 10.75% p.a.) flat on Rs 30,000,000 /-. The same is repayable in 12 monthly installments of Rs 1,822,500/- in the first year of the loan & installments of Rs 1,215,000/- for the remaining period of the loan. The loan has been sanctioned against collateral of Rs. 6,000,000 with the lender along with post dated cheques for Principal and Interest payable thereon and personal guarantee of three directors.
- d i) Vehicle loans from Banks (secured) carries interest in the range of 7.50% p.a. to 12.50% p.a. (previous year 7.50% p.a. to 10.75% p.a.) All the loans are repayable in 34 - 55 monthly installments from the date of disbursement. These loans are secured against hypothecation of respective Vehicles and Post Dated Cheques for Principal & Interest payable thereon.
- ii) Vehicle loan from NBFC (secured) outstanding as at end of the previous year carried interest of approximately 11.50% p.a. The loan was repayable in 34 monthly installments from the date of disbursement and is secured against hypothecation of respective vehicle and Post Dated Cheques for Principal & Interest payable thereon.

## 5 Deferred Tax Liabilities (Net)

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Deferred Tax Liability</b>		
Fixed assets : Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	79,335,096	72,577,096
<b>Gross Deferred Tax Liability</b>	<b>79,335,096</b>	<b>72,577,096</b>
<b>Deferred tax assets</b>		
Outstanding Leave encashment, Gratuity and Bonus	3,166,826	3,684,719
Provision for doubtful debts	1,845,354	342,931
Preliminary Expenses u/s. 35D of the Income Tax Act, 1961	1,945,727	3,595,943
<b>Gross Deferred Tax Assets</b>	<b>6,957,907</b>	<b>7,623,593</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>72,377,189</b>	<b>64,953,503</b>

## 6 Provisions

	Long - Term		Short - Term	
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>(a) Provision for employee benefits</b>				
Provision for Leave Encashment	1,067,949	1,817,373	103,909	105,398
Provision for Gratuity	5,227,560	6,014,701	324,558	346,370
	<b>6,295,509</b>	<b>7,832,074</b>	<b>428,467</b>	<b>451,768</b>
<b>(b) Other Provisions</b>				
Proposed Dividend	-	-	17,500,039	17,500,039
Dividend Distribution Tax	-	-	2,974,132	2,974,132
Income Tax (Net of Advance Taxes)	-	-	49,901,347	20,275,153
Fringe Benefit Tax (Net of Advance Taxes)	-	-	100,000	100,000
Wealth Tax ( Net of Advance Taxes )	-	-	63,700	72,768
	-	-	<b>70,539,218</b>	<b>40,922,092</b>
	<b>6,295,509</b>	<b>7,832,074</b>	<b>70,967,685</b>	<b>41,373,860</b>

## 7 Short-Term Borrowings

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
Cash Credit from Banks (Secured)	1,757,921,182	1,425,902,475
Buyers' Credit from Banks (Secured)	117,444,986	74,121,760
Working Capital loan from Bank (Secured)	60,000,000	50,000,000
Working Capital loan from Bank (Unsecured)	-	25,000,000
Export Packing Credit from Banks (Secured)	81,206,287	148,693,824
Bill Discounting from Banks (Secured)	-	26,243,635
Bill Discounting from Bank (Unsecured)	31,414,974	7,944,569
Bill Discounting from a NBFC (Unsecured)	140,798,381	151,399,743
Loan from NBFC (Unsecured)	-	50,000,000
	<b>2,188,785,810</b>	<b>1,959,306,007</b>
<b>The above amount includes</b>		
Secured Borrowings	2,016,572,455	1,724,961,695
Unsecured Borrowings	172,213,355	234,344,312
<b>Total</b>	<b>2,188,785,810</b>	<b>1,959,306,007</b>

- a Cash Credit from Banks (Secured) and Working Capital Loan from Bank (Secured) are repayable on demand and carries interest @ 12.20% to 12.85% p.a., (previous year 12.75% to 16% p.a.), Buyers Credit (Secured) represents Foreign Currency Buyers Credit from various Banks which carries interest ranging from 1 % to 5.25 % p.a. (previous year 2% to 5.25% p.a.) having a tenor of maximum upto 180 days., Export Packing Credit from Banks (Secured) represents export packing Credit facility from various banks. The tenor of the facility is maximum upto 180 days and the rate of interest (Foreign Currency facility) is Margin + LIBOR i.e. approximately 3.50% to 5 % p.a. (previous year 3.50% to 5% p.a.) and rate of interest ( Indian Currency facility) is @ 13.00% p.a. and Bill Discounting from Banks (Secured) outstanding as at the end of the previous year represents bill discounted with various banks. The tenor of the loan is in the range of 40 - 120 days and the rate of interest (local bill discounting) is 10.25% p.a. to 11% p.a. and rate of interest (foreign bill discounting) is in the range of 4 % to 5% p.a., All these loans are secured by hypothecation of Stocks of Raw Material, Stocks-in-process, Finished Goods, stores and spares (not relating to plant & machinery), bills receivables, book debts & all other current assets and movables (both present & future) at Silvassa & Umargaon [First Pari Passu charges amongst Vijaya Bank, Bank of Baroda, Union Bank Of India, Bank of India & DBS Bank Ltd., and the whole



of the movable plant & machinery including all the spare parts and all other movable assets such as furniture, fixture, fittings, vehicles & equipments (both present and future) at Silvassa (First Pari Passu charges amongst the above mentioned banks] and at Umargaon (Second Pari Passu charges amongst above mentioned banks) and collateral securities in form of first pari-passu charge on piece and parcel of non agricultural land along with the building at Silvassa & office premises no 101 & 102 at Islampura Street, at Mumbai, 701, Mahalaxmi Chambers, at Mumbai, Bungalow unit No.C 26, at Swapan Lok Complex, Lonavla, District Pune, Plot at Ohm Industrial Infrastructure Park, Umbergaon, District Valsad, State Gujrat and two residential Plot No.B 30 & C 20, at Sheetal Township project, Umbergaon, District : Valsad , State Gujrat belonging to three Directors and their relatives and personal guarantee of four directos & their relatives.

- b Working capital loan from Bank (Unsecured) outstanding as at the end of the previous year was availed for meeting working capital requirements of the company. The maximum tenor of the loan is 180 days and rollover was permitted after cooling period 3 days. The rate of interest is 12.75% to 13.25% p.a. The interest is payable monthly at the end of each month / at the end of closure of the loan transaction. Bill Discounting from Bank (Unsecured) represents export bills discounted with local banks. The tenor of the loan is in the range of 50 to 120 days and the rate of interest is approximately 10% to 10.70% p.a. (previous year 10% to 10.70% p.a.) Bill Discounting from a NBFC (Unsecured) is availed from finance companies and the tenor of the loan is 90 to 120 days and the rate of interest is 14.25% to 16.75% p.a. (previous year 14.25% p.a.).
- c Loan from NBFC (unsecured) outstanding as at the end of the previous year taken for 12 months on September 28, 2012 carries interest @ STLR (floating) less 1.75% which is 14.75% p.a. payable on a monthly basis is availed from a finance company. The principal amount is repayable in 3 monthly equal installments starting after 9 months of the availment of loan. The same has been sanctioned against the pledge of unencumbered shares of the company held by a Promoter company to maintain the security cover equal to 2.50 times at all times during the tenure of the loan and irrevocable and unconditional, personal guarantee of two directors & corporate guarantee by the said promoter company.

## 8 Other Current Liabilities

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
Trade payables (including acceptances) (refer note 29 for details of dues to micro and small enterprises)	1,585,359,322	1,350,251,532
<b>Other Liabilities</b>		
Current maturities of Long Term Borrowings ( Note 4 )	61,837,063	37,930,602
Liability for expenses (refer note 29 for details of dues to micro and small enterprises)	58,770,478	68,109,919
Creditors for capital expenditure	5,061,970	40,801,447
Advance received from customer	113,639,006	46,271,353
Interest Accrued but not due on Loans	5,096,344	2,580,510
Unpaid Dividend	63,323	45,773
Security deposit from employees	177,100	177,100
<u>Others</u>		
Deferred Discount on Forward Contracts	-	1,453,887
Statutory dues	15,879,469	19,955,772
	<b>260,524,753</b>	<b>217,326,363</b>
	<b>1,845,884,075</b>	<b>1,567,577,895</b>

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

## Note 9 : FIXED ASSETS

Sr. No.	Assets	GROSS BLOCK			DEPRECIATION/ AMORTISATION				NET BLOCK		
		As On 01/04/2013 Rs.	Addition Rs.	Deductions/ Adjustments Rs.	As On 31/03/2014 Rs.	Dep. For the year Charged To P & L A/c Rs.	As On 01/04/2013 Rs.	Deductions/ Adjustments Rs.	Upto 31/03/2014 Rs.	As On 31/03/2014 Rs.	As On 31/03/2013 Rs.
Tangible assets											
1	Factory Land	17,127,862	4,334,204	8,818,164	12,643,902	-	-	-	-	12,643,902	17,127,862
2	Factory Building	294,460,514	35,252,647	-	329,713,161	9,529,909	41,287,781	-	50,817,690	278,895,471	253,172,733
3	Office Building	731,040	-	-	731,040	15,492	421,191	-	436,683	294,357	309,849
4	Plant & Machinery	565,173,233	166,588,774	11,681,836	720,080,171	57,692,836	179,990,842	5,006,351	232,677,327	487,402,844	385,182,391
5	Electrical & Telephone Installation & office equipment	15,778,025	799,114	-	16,577,139	781,409	6,438,025	-	7,219,434	9,357,705	9,340,000
6	Computers	13,512,015	110,367	-	13,622,382	1,402,396	10,309,185	-	11,711,581	1,910,801	3,202,830
7	Furniture & Fixtures	25,516,184	208,063	-	25,724,247	1,533,438	9,313,415	-	10,846,853	14,877,394	16,202,769
8	Vehicles	47,682,876	2,351,230	3,275,227	46,758,879	5,164,798	28,136,666	2,389,439	30,912,025	15,846,854	19,546,210
9	Live Stock	22,000	-	-	22,000	-	-	-	-	22,000	22,000
	Intangible assets	980,003,750	209,644,399	23,775,227	1,165,872,921	76,120,278	275,897,106	7,395,790	344,621,593	821,251,328	704,106,644
	Computer Software	5,277,375	20,069,617	-	25,346,992	4,746,459	2,368,725	-	7,115,184	18,231,808	2,908,650
	Total Current Year	985,281,125	229,714,016	23,775,227	1,191,219,913	80,866,737	278,265,831	7,395,790	351,736,777	839,483,136	707,015,294
	Total Previous Year	976,182,817	11,359,132	2,260,824	985,281,125	72,372,145	207,531,154	1,637,467	278,265,831	707,015,294	768,651,663

**Notes:**

- (1) During the year, the company has reviewed its fixed assets for impairment loss as required by Accounting Standards 28 – "Impairment of Assets". In the opinion of management no provision for impairment loss is considered necessary.

**NOTE 10: NON CURRENT INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE)**

		Maturity Date	Number of Units	Face Value Per Unit	Face Value	As at 31.3.2014 (Rs.)	Number of Units	As at 31.3.2013 (Rs.)
<b>I</b>	<b>INVESTMENTS IN EQUITY SHARES</b>							
	<b>UNQUOTED EQUITY SHARES IN SUBSIDIARY COMPANY</b>							
	Pioneer Stainless & Alloys F.Z.C.		100	USD 504	USD 50409	3,035,469	-	-
				<b>Total ( I )</b>		<b>3,035,469</b>		-
<b>II</b>	<b>MUTUAL FUNDS</b>							
	<b>QUOTED FIXED MATURITY PLAN</b>							
	Union KBC Capital Protection Oriented Fund - Series 5 -Regular Plan - Growth	6-Feb-2017	100,000	Rs 10	Rs 1000000	1,000,000	-	-
				<b>Total ( II )</b>		<b>1,000,000</b>		-
				<b>Grand Total (I+II)</b>		<b>4,035,469</b>		-

Notes	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
(a) Aggregate Book Value - Quoted Investments	1,000,000	-
(b) Aggregate Market Value of Quoted Investments	1,073,180	-
(c) Aggregate Book Value - Unquoted Investments	3,035,469	-



## 11 Loans and Advances

	Long - Term		Short - Term	
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>Capital Advances</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	39,613,681	21,044,385	-	-
<b>(A)</b>	<b>39,613,681</b>	<b>21,044,385</b>	<b>-</b>	<b>-</b>
<b>Security Deposit</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good				
- Security Deposit to Related Party	55,000,000	55,000,000	-	-
- Others	4,451,228	4,375,128	1,823,295	2,535,886
<b>(B)</b>	<b>59,451,228</b>	<b>59,375,128</b>	<b>1,823,295</b>	<b>2,535,886</b>
<b>Loans &amp; Advances to related parties</b>				
Pioneer Stainless & Alloys F. Z. C.	-	-	189,134	-
<b>(C)</b>	<b>-</b>	<b>-</b>	<b>189,134</b>	<b>-</b>
<b>Advances recoverable in cash or kind</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	233,064,893	212,138,003
<b>(D)</b>	<b>-</b>	<b>-</b>	<b>233,064,893</b>	<b>212,138,003</b>
<b>Other loans and advances</b> (Unsecured, considered good)				
Advance income tax (net of provision for taxation)	-	-	-	-
Balance with central excise authority	-	-	47,057,837	32,853,989
Collateral / Margin Money	-	6,000,000	30,954,882	26,143,267
Deferred Premium	-	-	-	-
Prepaid expenses	-	-	4,876,784	5,159,070
Loans and advances to employees	-	-	1,005,993	1,068,443
Advance income tax (net of provision for taxation)	436,446	436,446	-	-
Balances with statutory / Government authorities	777,663	1,012,514	7,519,548	2,946,546
<b>(E)</b>	<b>1,214,109</b>	<b>7,448,960</b>	<b>91,415,044</b>	<b>68,171,315</b>
<b>(A+B+C+D+E)</b>	<b>100,279,018</b>	<b>87,868,473</b>	<b>326,492,366</b>	<b>282,845,204</b>

**Collateral / Margin money deposits given as security :**

The lender has unconditional lien in respect of the collateral of Rs.60,00,000/- and interest accruing thereon and has unconditional right to adjust these monies to set off compensation arising out of late remittance of monthly installment due in respect of Indian rupee Working Capital loan of Rs 3,00,00,000 /-.

Margin money deposits with a carrying amount of Rs. 24,954,882/- (Previous year Rs. 26,143,267/-) are given against the discounting of bills of exchange.





	Long - Term		Short - Term	
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>Security deposits include</b>				
Dues from Directors & their relatives (refer note 26)	55,000,000	55,000,000	-	-
<b>Loans to employee include</b>				
Dues from Officers			890,928	729,555
Dues from Workers			115,065	338,888

## 12 Other Assets

	Non - Current		Current	
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>Unsecured, considered good unless stated otherwise</b>				
Non current bank balances (note 15)	7,898,113	24,713,004	-	-
Interest Accrued on Bank deposits	432,788	1,127,222	4,199,436	2,924,180
Interest Accrued on other deposits	-	45,271	588,973	346,098
Export Benefit Incentive	-	-	51,688,508	60,166,959
	<b>8,330,901</b>	<b>25,885,497</b>	<b>56,476,917</b>	<b>63,437,237</b>

## 13 Inventories (Valued at cost or market value whichever is lower, as taken, valued and certified by management )

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
Raw materials and components (Includes in transit Rs NIL /- (P.Y. Rs.207,84,355/-) (Refer Note (1) (f) )	239,490,841	397,424,577
Work in progress (Refer note (1) (f) )	165,071,021	115,146,155
Finished goods (Refer Note (1) (f) )	81,986,259	346,759,837
Land for Industrial Park (Refer Note 39)	8,818,164	-
Traded goods (Includes in transit Rs.9,205,310/- (P.Y. Rs 2,148,914/-) ( Refer Note (1) (f) )	1,515,365,041	970,877,712
Stores and spares	43,846,270	46,745,868
	<b>2,054,577,596</b>	<b>1,876,954,149</b>

**14 Trade Receivable**

	Non - Current		Current	
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>Unsecured, considered good unless stated otherwise</b>				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	264,064,035	200,774,480
Doubtful	-	-	5,429,109	1,008,917
	-	-	<b>269,493,144</b>	<b>201,783,397</b>
Provision for doubtful debts	-	-	(5,429,109)	(1,008,917)
<b>(A)</b>	-	-	<b>264,064,035</b>	<b>200,774,480</b>
<b>Other debts</b>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	2,527,734,211	1,818,958,828
<b>(B)</b>	-	-	<b>2,527,734,211</b>	<b>1,818,958,828</b>
<b>(A+B)</b>	-	-	<b>2,791,798,245</b>	<b>2,019,733,308</b>

**15 Cash and Bank Balances**

	Non - Current		Current	
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>Cash and cash equivalents</b>				
Currency in hand	-	-	241,067	772,812
Cash on hand	-	-	2,157,703	2,239,239
<b>Balances with banks:</b>				
On current accounts	-	-	19,638,648	43,494,350
Earmarked balance with Bank (Unpaid Dividend)	-	-	63,323	45,773
Cheques/ drafts in hand	-	-	70,000,000	-
<b>Total Cash and cash equivalents</b>	-	-	<b>92,100,741</b>	<b>46,552,174</b>
<b>Other bank balances</b>				
Margin money deposit	7,898,113	24,713,004	90,357,856	98,664,784
	<b>7,898,113</b>	<b>24,713,004</b>	<b>90,357,856</b>	<b>98,664,784</b>
<b>Amount disclosed under non-current assets (Note - 12)</b>	<b>7,898,113</b>	<b>24,713,004</b>		
	-	-	<b>182,458,597</b>	<b>145,216,958</b>

Margin money deposits given as security :

Fixed deposits amounting to Rs.98,255,969/- (Previous year Rs.123,377,788/-) have been kept with the banks as a margin money for non fund based facilities.



## 16 Revenue From Operations

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Operating revenue</b>		
Sale of Products		
Finished goods	2,822,281,469	2,920,299,620
Traded goods	6,741,103,541	5,204,290,577
<b>Other operating revenue</b>		
Export Incentives	58,213,992	45,110,450
Profit on Consignment Sales	75,468	-
<b>Revenue from operations (Gross)</b>	<b>9,621,674,470</b>	<b>8,169,700,647</b>
Less : Excise duty #	179,495,577	237,547,367
<b>Revenue from operations (Net)</b>	<b>9,442,178,893</b>	<b>7,932,153,280</b>

# Excise duty on sales amounting to Rs.179,495,577 (31st March, 2013 : Rs.237,547,367) has been reduced from sales in the Statement of Profit and Loss and excise duty on (increase) / decrease in stock amounting to Rs.( 28,957,614), (31st March, 2013 : Rs.26,862,699) has been considered as (income) / expense in note 22 of financial statements.

### Details of product sold

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Finished goods sold</b>		
S. S. Pipe / Tubes	2,767,647,151	2,812,159,323
S. S. Scrap	54,634,318	108,140,297
	<b>2,822,281,469</b>	<b>2,920,299,620</b>
<b>Traded goods sold</b>		
S. S. Pipe / Tubes	1,046,411,843	1,851,896,722
S. S. Sheet / Coil /Plate	5,694,691,698	3,352,393,855
	<b>6,741,103,541</b>	<b>5,204,290,577</b>
	<b>9,563,385,010</b>	<b>8,124,590,197</b>

## 17 Other Income

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Interest Income on</b>		
-Bank Deposits	8,779,098	9,802,359
-Loans & Advances	973,271	68,822,385
-Receivables	27,855,709	5,349,171
Profit on Sale of fixed assets	19,508	-
Sundry Balance write back (net) (Refer Note No.32)	-	9,284,930
Excess provision written back	-	2,425,395
Other Income	-	14,242
Discount on Forward Contracts (net of premium)	3,548,970	747,170
	<b>41,176,556</b>	<b>96,445,652</b>

**18 Raw Material Consumed**

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
Opening Stock	397,424,577	596,982,857
Add : Purchases	1,765,553,229	2,184,207,073
	2,162,977,806	2,781,189,930
Less : Closing Stock	239,490,841	397,424,577
	<b>1,923,486,965</b>	<b>2,383,765,353</b>

**Details of raw material and components consumed**

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
S. S. Strip / Sheet / Coil / Plate	945,189,820	1,333,189,831
S. S. Round Bar	199,354,628	373,523,268
S.S. Pipe	778,942,517	677,052,254
	<b>1,923,486,965</b>	<b>2,383,765,353</b>

**Details of inventory**

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Raw materials and components</b>		
S. S. Strip / Sheet / Coil / Plate	83,587,542	210,704,989
S. S. Round Bar	14,642,362	40,397,121
S.S. Pipe	141,260,937	146,322,467
	<b>239,490,841</b>	<b>397,424,577</b>

**19 Increase / (decrease) in Stock**

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
Opening Stock :		
Traded Goods	970,877,712	547,287,271
Work in Process	115,146,155	148,466,137
Finished Goods	346,759,837	105,275,976
	1,432,783,704	801,029,384
Closing Stock :		
Land for Industrial Park (Refer Note 39)	8,818,164	-
Traded Goods	1,515,365,041	970,877,712
Work in Process	165,071,021	115,146,155
Finished Goods	81,986,259	346,759,837
	1,771,240,485	1,432,783,704
	<b>(338,456,781)</b>	<b>(631,754,320)</b>

**Details of purchase of traded goods**

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
S. S. Pipe / Tubes	1,033,806,802	1,717,663,747
S. S. Sheet / Coil / Plate	5,715,444,528	3,438,017,046
	<b>6,749,251,330</b>	<b>5,155,680,793</b>



#### Details of inventory

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Land for Industrial Park (Refer Note 39)</b>	8,818,164	-
	<b>8,818,164</b>	<b>-</b>
<b>Traded goods</b>		
S. S. Pipe / Tubes	219,627,628	200,495,292
S. S. Sheet / Coil /Plate	1,295,737,413	770,382,420
	<b>1,515,365,041</b>	<b>970,877,712</b>
<b>Work-in-progress</b>		
S. S. Strip / Sheet / Coil / Plate	44,154,226	56,035,310
S. S. Round Bar	-	12,403,723
S.S. Pipe	120,916,795	46,707,122
	<b>165,071,021</b>	<b>115,146,155</b>
<b>Finished goods</b>		
S. S. Pipe / Tubes	79,166,381	341,717,036
S. S. Scrap	2,819,878	5,042,801
	<b>81,986,259</b>	<b>346,759,837</b>

#### 20 Employee Benefit Expenses

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
Salaries, Bonus and Other Benefits	14,763,352	15,834,783
Contribution to Provident and Other Funds	3,500,521	3,902,078
Wages , Bonus & Other Benefits	72,355,054	75,929,769
Remuneration to Directors	3,780,000	3,060,000
Staff welfare Expenses	5,552,167	6,931,485
	<b>99,951,094</b>	<b>105,658,115</b>

#### 21 Finance Costs

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
Interest on Term Loan	14,158,987	11,471,753
Interest on Cash Credit & Other Facilities	248,874,591	207,910,739
Interest on Car Loans	466,405	556,595
Interest On unsecured loans	13,685,164	27,934,238
Other Interest	30,802,592	33,093,633
	<b>307,987,739</b>	<b>280,966,958</b>
Bank Commission & Other Finance Charges	45,222,559	17,542,415
	<b>353,210,298</b>	<b>298,509,373</b>
	<b>353,210,298</b>	<b>298,509,373</b>

**22 Other Expenses**

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Manufacturing &amp; Other Expenses</b>		
Testing , Cutting & Job Work Charges	33,647,917	44,361,252
Power, Fuel & Water Charges	30,225,554	30,987,866
Insurance (Factory)	743,428	890,299
Repairs & Maintenance (Factory)	10,160,141	12,050,171
Liquidated damages/Late delivery charges paid	9,601,972	14,397,504
Excise Duty on Closing Stock	(28,957,614)	26,862,699
<b>(A)</b>	<b>55,421,398</b>	<b>129,549,791</b>
<b>Administrative, Selling Expenses &amp; Other Expenses</b>		
Fluctuation in Foreign Currency	29,071,744	16,783,301
Advertisement Expenses	4,286,592	2,839,597
Sales Promotion Expenses	5,739,816	8,716,700
Discount & Rebate	289,288	25,356
Donation	236,596	260,602
Export Freight	49,596,456	37,881,316
Legal and Professional Expenses	15,480,496	12,815,722
Packing,Transport, Coolie & Cartage	27,896,229	29,807,296
Printing & Stationary	1,597,964	2,424,802
Rates & Taxes	4,549,316	1,219,133
Registration & Tender Fees	53,538	60,378
Rent	2,585,936	2,347,709
Electricity Charges	1,437,872	1,761,695
Repairs & Maintenance	3,003,611	1,302,280
Security Charges	752,478	1,598,071
Auditors Remuneration	707,140	705,719
Insurance	1,613,267	333,402
Director Sitting Fees	147,000	90,000
Sundry Expenses	1,805,477	2,753,586
Telephone,Postage & Telegram	3,592,317	4,259,041
Travelling & Conveyance	13,387,336	11,459,442
Vehicle Maintenance & Insurance	8,680,867	8,676,551
Brokerage & Commission	10,000	8,500
Sundry Balances Written off (net) (Refer Note No.32)	31,326,734	-
Loss on Sale/Theft of Fixed Assets	5,109,670	81,420
Training & Recruitment Expenses	121,102	1,701,821
Provision for doubtful debts	4,420,192	1,008,917
Bad Debts written off	3,779,426	3,232,177
Loss on Consignment Sales	-	5,612
<b>(B)</b>	<b>221,278,460</b>	<b>154,160,146</b>
<b>(A+B)</b>	<b>276,699,858</b>	<b>283,709,937</b>



	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>Note:</b>		
<b>Payment to auditors</b>		
<b>As auditor:</b>		
Audit fee	600,000	600,000
<b>In other capacity:</b>		
Taxation matters	40,000	50,000
Reimbursement of expenses	37,140	26,530
Other services	-	6,189
Certification	30,000	23,000
	<b>707,140</b>	<b>705,719</b>

## 23 Earnings Per Share (EPS)

In accordance with Accounting Standard 20 - "Earning per Share" notified under Companies (Accounting Standard) Rules, 2006, (as amended) and relevant provisions of Companies Act, 1956 the required disclosure is given below:

	31 <sup>st</sup> March, 2014 in Rs.	31 <sup>st</sup> March, 2013 in Rs.
<b>The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations :</b>		
Net profit / (loss) attributable to Shareholders (Rs.)	165,492,292	140,270,211
Weighted average number of equity shares issued (Nos.) for basic EPS	17,500,039	17,500,039
Basic earnings per share of Rs. 10/- each (in Rs.)	<b>9.46</b>	<b>8.02</b>

The Company does not have any potential dilutive equity shares. Consequently, the basic and diluted earnings per share remain the same.

## 24 Disclosure under Revised Accounting Standard 15 on Employee Benefits:

Consequent to Accounting Standard 15 "Employee Benefits" (Revised 2005) becoming effective, the Company has made the provision for Defined Contribution Plan and Defined Benefit Plan.

### Defined Contribution Plan

During the year, the Company has recognized Rs. 3,500,521/- (Previous Year Rs. 3,902,078/-) towards Provident Fund and Employees, State Insurance Corporation as Defined Contribution Plan Obligation.

### Defined Benefit Plan Gratuity & Leave Encashment

Liability is computed on the basis of Gratuity & Leave Encashment payable on retirement, death and other withdrawals as per the Act and already accrued for past service, with the qualifying wages/salaries appropriately projected, as per the Projected Unit Credit Method.

#### I. Actuarial Assumption

Particulars	Gratuity		Leave Encashment	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Discount Rate Current	9.10%	8.20%	9.10%	8.20%
Rate of Increase in Compensation Levels	6.00%	6.00%	6.00%	6.00%

**II Table Showing Change in Benefit Obligation**

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Projected Benefit Obligations (PBO) at the beginning of the year	6,361,072	4,755,699	1,922,771	1,464,424
Interest Cost	484,512	370,118	109,306	72,276
Service Cost	967,604	1,211,514	306,548	572,027
Benefits paid	(904,773)	(802,742)	(1,179,545)	(1,228,247)
Actuarial (gain) / loss on Obligations	(1,356,297)	826,483	12,780	1,042,292
Projected Benefit Obligations (PBO) at the end of the Year	5,552,118	6,361,072	1,171,859	1,922,771

**III Tables of Fair value of Plan Assets**

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Fair Value of Plan Assets at the beginning of the year	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Gain / (loss) on Plan Assets	-	-	-	-
Fair Value of Plan Assets at the end of the year	-	-	-	-

**IV Tables of change in Plan Assets**

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Fair Value of Plan Assets	-	-	-	-
at the beginning of the year	-	-	-	-
Actual return on Plan Assets	-	-	-	-
Contributions	-	-	-	-
Benefits paid	-	-	-	-
Fair value of Plan Assets at the end of the year	-	-	-	-

**V. Funded Status**

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Funded Status	(5,552,118)	(6,361,072)	1,171,859	(1,922,771)



## VI The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Present Value of Obligation	5,552,118	6,361,072	1,171,859	1,922,771
Fair value of Plan Assets	-	-	-	-
Diff	5,552,118	6,361,072	1,171,859	1,922,771
Unrecognised Actuarial gains (losses)	-	-	-	-
Unrecognised Transitional Liability	-	-	-	-
Liability Recognised in Balance Sheet	5,552,118	6,361,072	1,171,859	1,922,771

## VII. Net Periodic Cost

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Current Service Cost	967,604	1,211,514	306,548	572,027
Interest Cost	484,512	370,118	109,306	72,276
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (gain) loss recognised in the year	(1,356,297)	826,483	12,780	1,042,292
Expenses Recognised in the Income Statement	95,819	2,408,115	428,633	1,686,594

## VIII. Movements in the liability recognised in the Balance Sheet

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Opening Net Liability	6,361,072	4,755,699	1,922,771	1,464,424
Expense as above	95,819	2,408,115	428,633	1,686,594
Contributions paid	(904,773)	(802,742)	(1,179,545)	(1,228,247)
Closing Net Liability	5,552,118	6,361,072	1,171,859	1,922,771

## IX Experience Adjustments

Particulars	Gratuity (Rs.)		Leave Encashment (Rs.)	
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Defined benefit obligation	5,552,118	6,361,072	1,171,859	1,922,771
Plan assets	-	-	-	-
Surplus/ (deficit)	(5,552,118)	(6,361,072)	(1,171,859)	(1,922,771)
Experience adjustment on plan liabilities	(771,947)	602,633	140,152	971,911
Actuarial Loss/(Gain) due to change in assumptions	(584,350)	223,850	(127,372)	70,380
Experience adjustment on plan assets	-	-	-	-
Net Actuarial Loss/ (Gain) for the year	(1,356,297)	826,483	12,780	1,042,291

## 25 Segment Reporting

The Company's operations predominantly relates to manufacturing and trading of "Stainless Steel Tubes & Pipes", and the revenue from Real Estate segment is yet to commence, there is no separate reporting segment as per Accounting Standard 17 "Segment Reporting" notified under the Companies (Accounting Standard) Rules, 2006.

## 26 Related Party Disclosure

Disclosure requirement as per Accounting Standard 18 (AS-18) "Related Party Disclosure" notified under Companies (Accounting Standard) Rules, 2006, (as amended) and relevant provisions of Companies Act 1956,

Related Parties	Nature of relationship
M/s. Pioneer Stainless & Alloys F.Z.C. (w.e.f. 10th April, 2013)	Subsidiary Company
M/s. Sunrise Metal Industries	Enterprise of which key management person (Shri Prakash Kanugo) is proprietor
M/s. AMS Trading & Investments Pvt. Ltd.	Associates / Enterprises over which directors and / or their relatives has significant influence
M/s. Seth Iron & Steel Pvt. Ltd.	
M/s. Seth Steelage Pvt. Ltd.	
M/s. Prakash Stainless Pvt. Ltd.	
M/s. PCK Metal Pvt. Ltd.	
M/s. Seth Carbon & Alloys Pvt. Ltd.	
M/s. Prakash & Daga Infra Projects Pvt. Ltd.	
M/s. Prakash C. Kanugo (HUF)	
M/s. Ashok M. Seth (HUF)	
M/s. Prakash Integrated Hi-Tech Steel And Metal Cluster Private Limited	
M/s. Chandan and Kanugo Land Developer	
M/s. Hemant & Co.	
M/s. Prakash Land Developer	
M/s. Hemant P Kanugo ( HUF )	
M/s Vimal P Kanugo ( HUF )	
Shri Prakash C. Kanugo, Chairman & Managing Director	Key Management Personnel
Shri Ashok M. Seth, Executive Director	
Shri Hemant P. Kanugo, Whole Time Director	
Shri Kamal P. Kanugo , Whole Time Director	
Smt. Babita P. Kanugo	Relatives of Key Management Personnel
Shri Vimal P. Kanugo	
Shri Kirti P. Kanugo	
Smt. Ekta H. Kanugo	

Note: Related Party Relationships have been identified by the management and relied upon by the Auditors.



Details of transactions between the Company & related parties & the status of outstanding balances as on 31<sup>st</sup> March, 2014.

(in Rs.)

Nature of Transactions	Name of Party	Associates/ Enterprises over which directors and/or their relatives has significant influence		Key Management Personnel		Relatives of Key Management Personnel	
		31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Unsecured Loans Taken	M/s. AMS Trading & Investments Pvt. Ltd.	100,000,000					
	M/s. Sunrise Metal Industries	250,000,000					
Unsecured Loans Repaid	M/s. AMS Trading & Investments Pvt. Ltd.	100,000,000					
Investment in subsidiary during the year	Pioneer Stainless & Alloys Fzc	3,035,469					
Loans & Advances to subsidiary	Pioneer Stainless & Alloys Fzc	189,134					
Interest Paid	M/s. Sunrise Metal Industries	2,713,562					
Remuneration / Salary	Shri Ashok M. Seth			1,050,000	900,000		
	Shri Hemant P. Kanugo			750,000	600,000		
	Shri Kamal P. Kanugo			630,000	360,000		
	Shri Kirti P. Kanugo					360,000	360,000
	Shri Prakash C. Kanugo			1,350,000	1,200,000		
	Shri Vimal P. Kanugo					360,000	360,000
Rent Paid	Shri Prakash C. Kanugo			60,000	60,000		
	M/s. Prakash C. Kanugo (HUF)	480,000	480,000				
	M/s. Ashok M. Seth (HUF)	360,000	360,000				
	Smt. Ekta H. Kanugo					480,000	480,000
	Shri Kamal P. Kanugo			660,000	660,000		
	Shri Hemant P. Kanugo			108,000	108,000		
Outstanding Balances							
Office Deposit Given	M/s. Ashok M. Seth (HUF)	11,000,000	11,000,000				
	M/s. Prakash C. Kanugo (HUF)	14,000,000	14,000,000				
	Smt. Ekta H. Kanugo					14,000,000	14,000,000
	Shri Kamal P. Kanugo			11,000,000	11,000,000		
Other Deposit Given	Shri Kamal P. Kanugo			5,000,000	5,000,000		

Details of transactions between the Company & related parties & the status of outstanding balances as on 31<sup>st</sup> March, 2014.

(in Rs.)

Nature of Transactions	Name of Party	Associates/ Enterprises over which directors and/or their relatives has significant influence		Key Management Personnel		Relatives of Key Management Personnel	
		31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Rent Payable	Shri Kamal P. Kanugo	-	-	45,000	-	-	-
Interest Payable	M/s. Sunrise Metal Industries	2,442,206					
Unsecured Loan Taken	M/s. Sunrise Metal Industries	250,000,000	-				
Investment in subsidiary during the year	Pioneer Stainless & Alloys Fzc	3,035,469					
Loans & Advances to subsidiary	Pioneer Stainless & Alloys Fzc	189,134					
Corporate Guarantee & Pledge of equity shares	M/s. AMS Trading and investment Pvt. Ltd.	AMS Trading and investment Pvt. Ltd had given an irrevocable and unconditional corporate guarantee and pledged 12,64,542 equity shares of the company held by them against the loan of Rs. 5,00,00,000/- taken by the company from NBFC to maintain the security cover equal to 2.50 times at all times during the tenure of the loan. The tenure of the loan was from 01-10-2012 to 04-10-2013. During the year, the loan has been fully repaid on 04-10-2013.					

## 27 Capital and Other Commitment

	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	106,967,967	118,752,296
(b) Other Commitments - Commitment for investments	-	100,000

## 28 Contingent Liabilities

	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
<b>Contingent liabilities not provided for in respect of:</b>		
(a) Guarantees given by the bankers of the company	43,665,328	48,226,175
(b) Sales Tax demands disputed in appeals	15,459,374	448,879
(c) Letter of Credit	-	16,104,672
(d) Gujarat Commercial Tax Penalty	-	234,581
(e) Central Sales Tax Liability towards pending declaration forms	29,811,068	7,594,259
(f) Disputed Excise Duty Rebate Claim	551,080	551,080
(g) Disputed CENVAT Credit	3,599,712	3,599,712
(h) Commitment towards development work for Industrial Park Project	85,000,000	-

## 29 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006, (MSMED Act) as at 31<sup>st</sup> March, 2014. The disclosure pursuant to the said Act is as under:



Particulars	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
Principal amount remaining unpaid to any supplier as at the year end	887,709	2,669,415
Interest due thereon	-	129,306
Amount of interest paid during the year	39,886	-
Amount of payments made to the supplier beyond the appointed day during the accounting year	-	10,717,061
Amount of interest due and payable for the period of delay in making payment (which have 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.	-	723,446
Amount of interest accrued and remaining unpaid at the end of the accounting year	-	852,752
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act 2006	-	742,813

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.

- 30 Some of the balances of Trade Receivables, Deposits, Loans & Advances, Advances received from customers, Liability for expenses and Trade Payables are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any. The management, however, does not expect any material variation.
- 31 In the opinion of the Management, Current Assets, Loans & Advances are approximately of the value stated, if realized, in the ordinary course of business. The provision for all known and determined liability is adequate and not in the excess of the amount reasonably required.
- 32 Sundry balances (net) written off amounting to Rs. 31,326,734/- are net of sundry credit balances written back amounting to Rs.85,65,196/- (in previous year sundry credit balance written back amounting to Rs. 9,284,930/- are net of sundry debit balances written off amounting to Rs.4,653,705/-)
- 33 Prior period adjustment (Net) amounting to Rs 31,090/- (credit) {Previous year Rs. 1,100,001/-(debit)} includes income of Rs. 290,025/- (Previous year Rs. 130,807/- ) and expenses Rs. 258,935/- (Previous year Rs.1,230,808/-).
- 34 Exceptional item represents gain of Rs.1,75,00,000/- on account of forfeiture of advance due to cancellation of sale contract by the customer as per terms of contract.

### 35 CIF value of Imports

Class of Goods	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
Material	799,064,803	882,821,367
Capital Goods	54,542,337	14,642,037
Stores and Spares	2,479,841	3,178,583
<b>Total</b>	<b>856,086,981</b>	<b>900,641,987</b>

**36 Expenditure in Foreign Currency (on accrual basis)**

Particulars	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
Professional Fees	73,936	1,290,956
Interest on Term Loan	-	4,538
Travelling Exp.	4,153,168	4,187,635
Others	6,242,106	7,574,957
<b>Total</b>	<b>10,469,210</b>	<b>13,058,086</b>

**37 Earnings in foreign exchange on exports of goods (FOB Value)**

Particulars	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2013 In Rs.
Exports of Goods	1,260,723,861	976,976,055

**38 Disclosures of derivative instruments**

The Company has entered into the following derivative instruments. All the forward contracts are accounted for as per Accounting Policies stated in Note 1(i) annexed to Balance Sheet and Statement of Profit and Loss.

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations. The Company does not use forward contracts for speculative purposes.

**(a) Outstanding Short-term Forward Exchange Contracts entered into by the Company on account of receivables :**

Particulars	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
No. of Contracts	21	7
US Dollar equivalent	2,600,000	1,250,000
INR equivalent	156,259,480	67,986,625

**(b) Outstanding Short-term Forward Exchange Contracts entered into by the Company on account of payables :**

Particulars	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
No. of Contracts	-	-
US Dollar equivalent	-	-
INR equivalent	-	-

**(c) The un-hedged foreign currency exposure as on 31<sup>st</sup> March 2014 is given below:**

	Payables as at 31 <sup>st</sup> March 2014		Payables as at 31 <sup>st</sup> March 2013	
	Foreign Currency Amount	Local Currency	Foreign Currency Amount	Local Currency
USD	2,416,257	145,216,550	2,370,150	128,910,864
EURO	84,150	6,948,828	18,659	1,297,642
GBP	-	-	-	-



	Receivables as at 31 <sup>st</sup> March 2014		Receivables as at 31 <sup>st</sup> March 2013	
	Foreign Currency Amount	Local Currency	Foreign Currency Amount	Local Currency
USD	853,094	51,270,803	1,857,308	101,017,709
EURO	559,839	46,229,548	661,235	45,984,798
GBP	-	-	-	-

**39** Company has initiated the development of the “Industrial Park Project” on its idle land at Palgam (Umbergaon) and accordingly, the Company has converted the Land into Stock-in-Trade at lower of cost or net realizable value i.e. at cost of Rs. 88,18,164/-.

**40** During the year, Company has incorporated on 10<sup>th</sup> April, 2013, wholly-owned foreign subsidiary viz. Pioneer Stainless & Alloy - F.Z.C. at Ajman, United Arab Emirates for doing trade activities internationally in ferrous and non ferrous metal items.

**41** Figures of the previous year have been re-grouped, re-classified and re-arranged, wherever necessary.

**AS PER OUR REPORT OF EVEN DATE**

**FOR KHANDELWAL JAIN & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

Sd/-  
**NARENDRA JAIN**  
PARTNER  
M.NO.048725

**FOR D. C. BOTHRA & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
M.NO.031215

**SIGNATURES TO NOTES “1” TO “41”**

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PRAKASH C. KANUGO**  
CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
**ASHOK M. SETH**  
EXECUTIVE DIRECTOR &  
CHIEF FINANCIAL OFFICER

**PLACE : MUMBAI**  
**DATE : 29<sup>TH</sup> MAY, 2014**

Sd/-  
**PALLAVI P. SHEDGE**  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

## Independent Auditors' Report

### To the Board of Directors of Prakash Steelage Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Prakash Steelage Limited ('the Company') and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated balance sheet as at March 31, 2014, the consolidated statement of profit and loss and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting standards referred to in sub-section (3C) of section 211 of the Companies Act ("the Act") read with the General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on financial statements of the subsidiary as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.





#### Other Matter

We did not audit the financial statement of a subsidiary, whose financial statement reflects total assets of Rs.5,19,14,628/- as at March 31, 2014 and total revenue of Rs.81,22,17,323/- and net cash inflow amounting to Rs.73,64,089/- for the year ended on that date, as considered in the consolidated financial statements. This financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of that other auditor.

Our opinion is not qualified in respect of other matter.

**FOR KHADELWAL JAIN & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

**FOR D. C. BOTHRA & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

Sd/-  
**NARENDRA JAIN**  
PARTNER  
MEMBERSHIP NO. 048725

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
MEMBERSHIP NO. 031215

PLACE : MUMBAI  
DATE : 29<sup>TH</sup> MAY, 2014

**CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> March, 2014**

Particulars	Notes	As At 31-03-2014 Rs.
<b>I Equity And Liabilities</b>		
<b>1 Shareholders' Funds</b>		
a Share Capital	2	175,000,390
b Reserves And Surplus	3	1,668,635,978
<b>2 Non-Current Liabilities</b>		
a Long Term Borrowings	4	391,010,274
b Deferred Tax Liabilities (Net)	5	72,377,189
c Long Term Provisions	6	6,295,509
<b>3 Current Liabilities</b>		
a Short Term Borrowings	7	2,188,785,810
b Trade Payables	8	1,585,359,322
c Other Current Liabilities	8	261,009,404
d Short Term Provisions	6	70,967,685
<b>Total</b>		<b>6,419,441,562</b>
<b>II Assets</b>		
<b>1 Non-Current Assets</b>		
a Fixed Assets	9	
i Tangible Assets		821,251,328
ii Intangible Assets		18,231,808
b Capital Work In Progress		6,819,292
c Intangible Assets Under Development		-
d Non-Current Investment	10	1,000,000
e Long Term Loans And Advances	11	100,279,018
f Other Non-Current Assets	12	8,330,901
<b>2 Current Assets</b>		
a Inventories	13	2,095,195,745
b Trade Receivables	14	2,791,798,245
c Cash And Bank Balances	15	189,822,686
d Short Term Loans And Advances	11	330,235,622
e Other Current Assets	12	56,476,917
<b>Total</b>		<b>6,419,441,562</b>
Summary of significant accounting policies	1	

The accompanying notes are an integral part of the financial statements  
**AS PER OUR REPORT OF EVEN DATE**

**FOR KHANDELWAL JAIN & CO.**  
 CHARTERED ACCOUNTANTS  
 FIRM REGISTRATION NO: 105049W

**FOR D. C. BOTHRA & CO.**  
 CHARTERED ACCOUNTANTS  
 FIRM REGISTRATION NO: 112257W

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**NARENDRA JAIN**  
 PARTNER  
 M.NO.048725

Sd/-  
**PAWAN BOTHRA**  
 PARTNER  
 M.NO.031215

Sd/-  
**PRAKASH C. KANUGO**  
 CHAIRMAN &  
 MANAGING DIRECTOR

Sd/-  
**ASHOK M. SETH**  
 EXECUTIVE DIRECTOR &  
 CHIEF FINANCIAL OFFICER

**PLACE : MUMBAI**  
**DATE : 29<sup>TH</sup> MAY, 2014**

Sd/-  
**PALLAVI P. SHEDGE**  
 COMPANY SECRETARY  
 & COMPLIANCE OFFICER



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014

Particulars	Notes	As At 31-03-2014 Rs.
<b>Income</b>		
Revenue From Operations ( Gross )	16	10,433,891,793
Less: Excise Duty		179,495,577
Revenue From Operations ( Net )		10,254,396,216
Other Income	17	41,176,556
<b>Total Revenue (I)</b>		<b>10,295,572,772</b>
<b>Expenses</b>		
Purchases		7,539,173,444
Conversion of land into stock in trade	36	8,818,164
Raw Material Consumed	18	1,923,486,965
Increase / (Decrease) In Stock	19	(379,342,896)
Stores & Spares Consumed		93,913,273
Employee Benefit Expenses	20	100,574,447
Finance Costs	21	353,271,823
Depreciation And Amortisation	9	80,866,738
Other Expenses	22	290,667,046
<b>Total Expenses (II)</b>		<b>10,011,429,003</b>
Profit / (Loss) Before Exceptional Item And Prior Period Adjustments		<b>284,143,769</b>
Prior Period Adjustments	33	31,090
Exceptional Item	34	17,500,000
<b>Profit/(Loss) Before Tax</b>		<b>301,674,859</b>
Tax Expenses		
Current Tax		80,091,000
Deferred Tax		7,423,686
Income Tax Relating To Earlier Years		138,622
<b>Total Tax Expenses</b>		<b>87,653,308</b>
<b>Profit/(Loss) After Tax</b>		<b>214,021,550</b>
Earnings Per Equity Share (Basic And Diluted)	23	12.23
Summary of significant accounting policies	1	

The accompanying notes are an integral part of the financial statements

**AS PER OUR REPORT OF EVEN DATE**

**FOR KHANDELWAL JAIN & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

**FOR D. C. BOTHRA & CO.**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

**FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**NARENDRA JAIN**  
PARTNER  
M.NO.048725

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
M.NO.031215

Sd/-  
**PRAKASH C. KANUGO**  
CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
**ASHOK M. SETH**  
EXECUTIVE DIRECTOR &  
CHIEF FINANCIAL OFFICER

**PLACE : MUMBAI**  
**DATE : 29<sup>TH</sup> MAY, 2014**

Sd/-  
**PALLAVI P. SHEDGE**  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

Particulars	Year Ended 31-03-2014 Rs.
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net Profit before Tax and Prior period Adjustment & exceptional item	284,143,769
<b>Adjustment for:</b>	
Depreciation and Amortisation	80,866,737
Profit on Sale of Vehicle	(19,508)
Exceptional Item (gain on cancellation of contract)	17,500,000
Loss on Sale/Theft of Fixed Assets	5,109,670
Sundry Balances Written Back / Off (Net)	31,326,734
Provision for Doubtful Debts	4,420,192
Excess provision written back	-
Provision for Wealth Tax	63,700
Unrealised gains and losses arising from changes in foreign exchange rates	2,724,823
Preliminary expenses w/off	934,303
Interest Received	(37,608,078)
Finance Cost	353,271,823
<b>Operating Profit Before Working Capital Changes</b>	<b>742,734,165</b>
<b>Adjustment for:</b>	
Inventories	(209,423,431)
Trade & Other Receivables	(851,549,857)
Trade Payables & Other Current Liabilities	288,286,298
<b>Cash Generated from Operations</b>	<b>(29,952,825)</b>
Direct Taxes Paid ( Net of Refund )	(53,184,981)
<b>Cash Flow before prior period Adjustments &amp; Exceptional item</b>	<b>(83,137,806)</b>
Prior Period Adjustments	31,090
<b>Net Cash From / ( Used In ) Operating Activities (A)</b>	<b>(83,106,716)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets / Capital work-in-progress	(152,956,270)
Investment in mutual fund	(1,000,000)
Investment in Bank Deposits	25,121,819
Sale of Fixed Assets	2,471,112
Interest Received	36,829,652
<b>Net Cash From / (Used In) Investing Activities (B)</b>	<b>(89,533,687)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Secured Borrowings (Net)	424,356,326
Repayment / (proceeds) from Unsecured Borrowings (Net)	170,869,043
Finance Cost Paid	(348,247,203)
Dividend & Dividend Tax Paid	(20,456,621)
Preliminary expenses incurred by subsidiary	(934,303)
<b>Net Cash From / (Used In) Financing Activities (C)</b>	<b>225,587,241</b>
<b>Net Increase / (Decrease) in Cash and Cash equivalents (A)+(B)+(C)</b>	<b>52,946,838</b>
<b>Cash and Cash equivalents at the beginning of the year</b>	<b>46,552,174</b>
<b>Exchange differences on translation of foreign currency</b>	
<b>Cash and Cash equivalents</b>	<b>(34,182)</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>99,464,830</b>

## NOTES:

1 Above statement has been prepared by the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement as specified in the Companies (Accounting Standards) Rules, 2006.

2 Cash and Cash equivalent at the end of the year includes earmarked balance with Bank of unpaid dividend of Rs.63,323/-.

## AS PER OUR REPORT OF EVEN DATE ATTACHED.

FOR KHADELWAL JAIN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

Sd/-  
**NARENDRA JAIN**  
PARTNER  
M.NO.048725

FOR D. C. BOTHRA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
M.NO.031215

## FOR AND ON BEHALF OF THE BOARD

Sd/-  
**PRAKASH C. KANUGO**  
CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
**ASHOK M. SETH**  
EXECUTIVE DIRECTOR &  
CHIEF FINANCIAL OFFICER

PLACE : MUMBAI  
DATE : 29<sup>TH</sup> MAY, 2014

Sd/-  
**PALLAVI P. SHEDGE**  
COMPANY SECRETARY  
& COMPLIANCE OFFICER



## Notes to Consolidated Financial Statement for the year ended 31st March, 2014

### 1 Summary of Significant Accounting Policies

#### a Basis of Consolidation

The consolidated financial statements (CFS) relates to Prakash Steelage Limited ("the company" or "the parent company") and its subsidiary company, "collectively referred to as "the Group".

##### (i) Basis of preparation

The consolidated financial statements of the Company and its subsidiary are prepared under the historical cost convention and in accordance with the requirements of the Companies Act, 1956 and Accounting Standard 21 "Consolidated Financial Statements", as notified by Companies (Accounting Standards) Rules 2006 (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.

##### (ii) Use of estimates

The preparation of financial statements in conformity with India GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### (iii) Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

(a) The financial statements of the parent company and its subsidiary have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and transactions resulting in unrealized profits or losses on intra-group transactions and are presented to the extent possible, in the same manner as the Company's independent financial statements.

(b) The excess of the cost to the company of its investment in subsidiary over the company's portion of equity of the subsidiary as at the date on which investment in subsidiary is made, is recognized in the financial statement as Goodwill. The excess of Company's share of equity and reserve of the subsidiary over the cost of acquisition is treated as Capital Reserve.

(c) Minority Interests in the CFS is identified and recognized after taking into consideration:

- The amount of equity attributable to minority's at the date on which investments in a subsidiary is made.
- The minority's share of movements in equity since the date parent subsidiary relationships came into existence.

(iv) The particulars of a subsidiary, which is considered for consolidation and the percentage of voting power therein of the company as on 31<sup>st</sup> March, 2014 is as under:

Name of Company	w. e. f.	Country of Incorporation	Percentage of voting power as at 31st March 2014	Reporting Date	Financial Status Audited / Unaudited
<b>Subsidiaries</b>					
Pioneer Stainless & Alloy - F.Z.C.	10 <sup>th</sup> April, 2013	Ajman, UAE	100%	31 <sup>st</sup> March, 2014	Audited

**b Method of Accounting**

The financial statements have been prepared in accordance with generally accepted accounting principles in India (India GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 211(3C) (which continues to be applicable in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

**c Fixed Asset**

- (i) Fixed Assets have been stated at cost of acquisition inclusive of expenses directly attributable to the acquisition of such assets.
- (ii) Elements of refundable duties and taxes on capital goods / fixed assets purchased have been reduced from the total cost of such assets.
- (iii) Goodwill arising on consolidation is stated at cost and impairment is recognized, if any.

**d Depreciation**

- (i) Depreciation on fixed assets has been provided on Written Down Value (WDV) Method at the rates prescribed in Schedule XIV to the Companies Act, 1956, except for Fixed Assets pertaining to Umbergaon Unit where depreciation is charged on Straight Line Method (SLM) at the rates prescribed in schedule XIV to the Companies Act, 1956.
- (ii) Subsidiary company does not possess any property, plant and Equipment/machinery.

**e Pre-operative Expenses and Allocation thereon**

All pre-operative expenditure & trial run expenditure are accumulated as Capital Work-in-Progress and is allocated to the relevant fixed assets on a pro-rata / reasonable basis.

**f Valuation of Inventory**

- (i) Raw Materials have been valued at lower of cost or net realisable value based upon FIFO method except where the material is specifically identifiable.
- (ii) Work-in-progress has been valued on cost of raw-material and other direct cost depending upon the stage of completion of production in general.
- (iii) Finished goods and trading stocks have been valued at lower of cost or net realisable value based upon FIFO method except where the finished goods are specifically identifiable.
- (iv) "Land for Industrial Park Project" is valued at lower of cost or net realizable value.
- (v) Scrap, defectives and inferior production have been valued at net realisable value.
- (vi) Stores, spares and consumables have been valued at lower of cost or net realisable value.

Cost/Rate considered above for valuation of inventory is exclusive of Cenvat, refundable CVD and VAT component and inclusive of other direct cost incurred for acquiring the respective material.

**g Material Events occurring after the Balance Sheet date**

Material events occurring after the date of Balance Sheet have been taken cognizance of liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty have been treated as contingent liability and are disclosed by way of notes to accounts.

**h Revenue Recognition**

A sale is recognized at the time of dispatching the goods to the customer excluding Value Added Tax & Excise Duty collection. Purchases including import purchases are recognized net of refundable Value Added Tax and Duty component at the time of receipt of goods.

Export benefits have been recognized at the time of making the export sales & valued on estimated monetary benefit receivable there from.



Revenue in respect of real estate sales (Industrial park project) is recognized when the Company has transferred to the buyer all significant risks and rewards of ownership, i.e., when the buyer has entered into an agreement for sale which is duly registered and according to which the buyer has a legal right to sell or transfer his interest in the property as provided in AS-9 "Revenue Recognition" and AS-7 "Construction Contracts" issued by the Institute of Chartered Accountants of India.

**i Foreign Exchange Transaction**

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference.
- (iii) Non monetary foreign currency items are carried at cost.
- (iv) Exchange differences, other than those which are regarded as an adjustment to interest cost, arising on repayment of liabilities and conversion of year-end foreign currency balances pertaining to long term loans for acquiring depreciable assets including capital work in progress are adjusted in the carrying cost of these assets.
- (v) The premium or discount arising at the inception of a forward exchange contract not intended for trading or speculation purpose is amortised as expense or income over the life of the contract. Exchange difference on account of change in rates of underlying currency at the year end is recognized in the Statement of Consolidated Profit and Loss. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the Year.  
In recording a forward exchange contract intended for trading or speculation purpose, the premium or discount on the contract is ignored and at each Balance Sheet date, the value of the contract is marked to its current market value and gain or loss on the contract is recognized in the Statement of Consolidated Profit and Loss.
- (vi) The exchange difference arising on revenue and other account except as stated under (iv) above and (p) below is adjusted in the Statement of Consolidated Profit and Loss.
- (vii) Assets and liabilities of foreign subsidiary are translated at closing rate and income and expenditure are translated at average exchange rate for the year. The difference arising on such translation is debited / credited to foreign currency translation reserve.

**j Employee Benefits**

- (i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Consolidated Profit and Loss of the year in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are recognized as an expense in the Statement of Consolidated Profit and Loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Consolidated Profit and Loss.
- (iii) In case of subsidiary, no provision is made for the amounts payable under UAE Labour Law applicable to the employees for the accumulated period of service as at the balance sheet date as they are not yet due.

**k Preliminary and Share Issue Expenses**

Preliminary and Share Issue expenses are written off in the year in which such expenditure is incurred.

**l Excise Duty on Finished Goods**

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in the stock as at the year end.



**m Duties and Taxes on Purchases**

Refundable duties and taxes on purchase of Raw Materials, other eligible inputs and capital goods are adjusted against duties and taxes payable. The unadjusted credits of such duties and taxes are shown under the head "Loans and Advances".

**n Export Benefit / Incentive**

Export benefits have been recognised at the time of making the export sales & valued on estimated monetary benefit receivable there from.

**o Prior Period Adjustment**

Expenses and income pertaining to earlier / previous years are accounted as Prior Period Items.

**p Borrowing Costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying fixed assets are capitalised as part of cost of assets, up to the date, the asset is put to use. Borrowing costs also include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs. Other borrowing costs are charged to the Statement of Consolidated Profit and Loss in the year in which they are incurred.

**q Provision for Current and Deferred Tax**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. 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. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

**r Investments**

Long Term investments are valued at cost. Provision for diminution in value investment is made to recognize a decline other than temporary.

Current investments are valued at cost or market value whichever is lower on the last day of financial year.

**s Impairment of Assets**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Consolidated Profit and Loss in the year in which assets are identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

**t Provisions, Contingent liabilities and Contingent assets**

A provision is recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

**u Earning Per Share (E.P.S.)**

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year-end, except where the results would be anti dilutive.

**v Other Accounting Policies**

These are set out under "Significant Accounting Policies" as given in the financial statements of Prakash Steelage Limited and its Group.



## 2 Share Capital

	31 <sup>st</sup> March, 2014 in Rs.
<b>Authorised</b> 20,000,000 Equity Shares of Rs. 10/- each	200,000,000
<b>Issued Subscribed &amp; Paid up</b> 17,500,039 Equity Shares of Rs. 10/- each fully paid-up	175,000,390
<b>Total</b>	<b>175,000,390</b>

### a Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31 <sup>st</sup> March, 2014	
	Nos.	In Rs.
At the beginning of the period	17,500,039	175,000,390
Issued during the year	-	-
<b>Outstanding at the end of the period</b>	<b>17,500,039</b>	<b>175,000,390</b>

### b Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors, in their meeting on 29<sup>th</sup> May, 2014, proposed a final dividend of Re 1/- per equity share. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 13<sup>th</sup> August, 2014. The total dividend appropriation for the year ended 31<sup>st</sup> March, 2014 amounted to Rs.1,75,00,039/- excluding corporate dividend tax of Rs. 29,74,132/-.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in the proportion to the number of equity shares held by the shareholders.

### c Details of shareholders holding more than 5% shares in the Company

	31 <sup>st</sup> March, 2014	
	No. of Shares (Rs. 10/- each)	% of holding in the class
<b>Equity shares of Rs. 10 each fully paid</b>		
Prakash C. Kanugo	3,783,500	21.62%
AMS Trading and Investment Private Limited	2,876,000	16.43%
Seth Iron and Steel Private Limited	1,490,000	8.51%
Balmiki Agencies Private Limited	970,649	5.55%

### 3 Reserves & Surplus

	31 <sup>st</sup> March, 2014 in Rs.
<b>Share Premium Account</b>	
As Per Last Balance Sheet	671,589,261
<b>Closing balance</b>	<b>671,589,261</b>
<b>Foreign Currency Translation Reserve</b>	<b>(323,885)</b>
<b>General Reserve</b>	
As per Last Balance Sheet	225,312,948
Add : Amount Transferred from surplus balance in the statement of Profit and Loss	50,000,000
<b>Closing balance</b>	<b>275,312,948</b>
<b>Surplus / ( Deficit ) in the statement of profit and loss</b>	
As per Last Balance Sheet	578,510,275
Add : Profit for the year	214,021,550
Less : Appropriations	
Transfer to General Reserve	50,000,000
Dividend Proposed	17,500,039
Dividend Distribution Tax	2,974,132
Total Appropriations	70,474,171
Net Surplus in the statement of Profit and Loss	<b>722,057,654</b>
<b>Total Reserve and Surplus</b>	<b>1,668,635,978</b>

### 4 Long Term Borrowings

	Non Current portion	Current Maturities
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2014 In Rs.
<b>Term Loans</b>		
Indian rupee loan from Banks (Secured)	138,331,331	50,888,568
Indian rupee loan from Promoter Director (Un Secured)	250,000,000	-
<b>Working Capital Loan</b>		
Indian rupee loan from NBFC (Unsecured)	-	10,000,000
<b>Vehicle Loans</b>		
From Banks (Secured)	2,678,943	948,495
	<b>391,010,274</b>	<b>61,837,063</b>
<b>The above amount includes</b>		
Secured Borrowings	141,010,274	51,837,063
Unsecured Borrowings	250,000,000	10,000,000
Amount Disclosed under the head "Other current liabilities " ( Note 8)	-	61,837,063
<b>Net Amount</b>	<b>391,010,274</b>	<b>-</b>



- a (I) Indian rupee loan from Banks (secured) carries interest @ 15.50 % p.a. The loan is repayable in 84 monthly installments of Rs 1,460,714/- each along with interest from the date of loan, viz., 10<sup>th</sup> July, 2008 the loan is secured by way of mortgage of factory land & building, and hypothecation of plant & machinery of Company at Umbergaon. (First pari passu charge between Vijaya Bank and Bank of Baroda)
- (ii) Indian rupee loan from Banks (secured) carries interest 13% p.a. to 14.25 % p.a. The loan is repayable after 15 months from the date of first disbursement (date: 18.05.2013) in 59 monthly equal installments of Rs 4,170,000/- and last installment will be of Rs. 3,970,000/- along with interest from the date of loan, Interest and other charges to be paid as and when debited. This loan is secured by way of mortgage of factory land & building, and hypothecation of plant & machinery of Company at Umbergaon. (First pari passu charge with Vijaya Bank and Bank of Baroda). Also second pari passu charge on current assets of the Company including stocks and book debts.
- b Indian rupee loan from Promoter Director (Unsecured) taken from a proprietary concern of a Promoter Director, carries interest @ 9.00% . The loan is repayable after the expiry of 5 years with an option to be paid fully or in trenches. The interest is payable on yearly basis. The said loan has been introduced as per the loan sanction terms & conditions of Vijaya bank & Bank of India. and shall remain in the business during the currency of the loan from both the banks.
- c Working Capital loan from NBFC (unsecured) taken on 26<sup>th</sup> February, 2013 for a period of 24 months carrying interest rate of 10.75% p.a. flat on Rs 30,000,000/-. The same is repayable in 12 monthly installments of Rs 1,822,500/- in the first year of the loan & installments of Rs 1,215,000/- for the remaining period of the loan. The loan has been sanctioned against collateral of Rs. 6,000,000 with the lender along with post dated cheques for Principal and Interest payable thereon and personal guarantee of three directors.
- d i) Vehicle loans from Banks (secured) carries interest in the range of 7.50% p.a. to 12.50% p.a. All the loans are repayable in 34 - 55 monthly installments from the date of disbursement. These loans are secured against hypothecation of respective Vehicles and Post Dated Cheques for Principal & Interest payable thereon.
- ii) Vehicle loan from NBFC (secured) outstanding as at end of the previous year carried interest of approximately 11.50% p.a. The loan was repayable in 34 monthly installments from the date of disbursement and is secured against hypothecation of respective vehicle and Post Dated Cheques for Principal & Interest payable thereon.

## 5 Deferred Tax Liabilities (Net)

	31 <sup>st</sup> March, 2014 in Rs.
<b>Deferred Tax Liability</b>	
Fixed assets : Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return	79,335,096
<b>Gross Deferred Tax Liability</b>	<b>79,335,096</b>
<b>Deferred tax assets</b>	
Outstanding Leave encashment, Gratuity and Bonus	3,166,826
Provision for doubtful debts	1,845,354
Preliminary Expenses u/s. 35D of the Income Tax Act, 1961	1,945,727
<b>Gross Deferred Tax Assets</b>	<b>6,957,907</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>72,377,189</b>

## 6 Provisions

	Long - Term	Short - Term
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2014 In Rs.
<b>(a) Provision for employee benefits</b>		
Provision for Leave Encashment	1,067,949	103,909
Provision for Gratuity	5,227,560	324,558
	<b>6,295,509</b>	<b>428,467</b>
<b>(b) Other Provisions</b>		
Proposed Dividend	-	17,500,039
Dividend Distribution Tax	-	2,974,132
Income Tax (Net of Advance Taxes)	-	49,901,347
Fringe Benefit Tax (Net of Advance Taxes)	-	100,000
Wealth Tax ( Net of Advance Taxes )	-	63,700
	-	<b>70,539,218</b>
	<b>6,295,509</b>	<b>70,967,685</b>

## 7 Short-Term Borrowings

	31 <sup>st</sup> March, 2014 in Rs.
Cash Credit from Banks (Secured)	1,757,921,182
Buyers' Credit from Banks (Secured)	117,444,986
Working Capital loan from Bank (Secured)	60,000,000
Export Packing Credit from Banks (Secured)	81,206,287
Bill Discounting from Bank (Unsecured)	31,414,974
Bill Discounting from a NBFC (Unsecured)	140,798,381
	<b>2,188,785,810</b>
<b>The above amount includes</b>	
Secured Borrowings	2,016,572,455
Unsecured Borrowings	172,213,355
<b>Total</b>	<b>2,188,785,810</b>

- a Cash Credit from Banks (Secured) and Working Capital Loan from Bank (Secured) are repayable on demand and carries interest @ 12.20% to 12.85% p.a., Buyers Credit (Secured) represents Foreign Currency Buyers Credit from various Banks which carries interest ranging from 1 % to 5.25 % p.a. having a tenor of maximum upto 180 days., Export Packing Credit from Banks (Secured) represents export packing Credit facility from various banks. The tenor of the facility is maximum upto 180 days and the rate of interest (Foreign Currency facility) is Margin + LIBOR i.e. approximately 3.50% to 5 % p.a. and rate of interest ( Indian Currency facility) is @ 13.00% p.a. and Bill Discounting from Banks (Secured) outstanding as at the end of the previous year represents bill discounted with various banks. The tenor of the loan is in the range of 40 - 120 days and the rate of interest (local bill discounting) is 10.25% p.a. to 11% p.a. and rate of interest (foreign bill discounting) is in the range of 4 % to 5% p.a., All these loans are secured by hypothecation of Stocks of Raw Material, Stocks-in-process, Finished Goods, stores and spares (not relating to plant & machinery), bills receivables, book debts & all other current assets and movables (both present & future) at Silvassa & Umargaon [First Pari Passu charges amongst Vijaya Bank, Bank of Baroda, Union Bank Of India, Bank of India & DBS Bank Ltd., and the whole of the movable plant & machinery including all the spare parts and all other movable assets such as furniture, fixture, fittings, vehicles & equipments (both present and future) at Silvassa (First Pari Passu charges amongst the above mentioned banks] and at Umargaon (Second Pari Passu charges amongst above mentioned banks) and collateral securities in form of first pari-passu charge on piece and parcel of non agricultural land along with the building at Silvassa & office premises no 101 & 102 at Islampura Street, at Mumbai, 701, Mahalaxmi chambers, at Mumbai, Bungalow unit No.C 26, at Swapan Lok Complex, Lonavla, District Pune, Plot at Ohm Industrial Infrastructure Park, Umbergaon, District Valsad, State Gujrat and two residential Plot No.B 30 & C 20, at Sheetal Township project, Umbergaon, District : Valsad , State Gujrat belonging to three Directors and their relatives and personal guarantee of four directors & their relatives.



- b Working capital loan from Bank (Unsecured) outstanding as at the end of the previous year was availed for meeting working capital requirements of the company. The maximum tenor of the loan is 180 days and rollover was permitted after cooling period 3 days. The rate of interest is 12.75% to 13.25% p.a. The interest is payable monthly at the end of each month / at the end of closure of the loan transaction.

Bill Discounting from Bank (Unsecured) represents export bills discounted with local banks. The tenor of the loan is in the range of 50 to 120 days and the rate of interest is approximately 10% to 10.70% p.a. Bill Discounting from a NBFC (Unsecured) is availed from finance companies and the tenor of the loan is 90 to 120 days and the rate of interest is 14.25% to 16.75% p.a.

- c Loan from NBFC (unsecured) outstanding as at the end of the previous year taken for 12 months on September 28, 2012 carries interest @ STLR(floating) less 1.75% which is 14.75% p.a. payable on a monthly basis is availed from a finance company. The principal amount is repayable in 3 monthly equal installments starting after 9 months of the availment of loan. The same has been sanctioned against the pledge of unencumbered shares of the company held by a Promoter company to maintain the security cover equal to 2.50 times at all times during the tenure of the loan and irrevocable and unconditional, personal guarantee of two directors & corporate guarantee by the said promoter company.

## 8 Other Current Liabilities

	31 <sup>st</sup> March, 2014 in Rs.
Trade payables (including acceptances) (refer note 29 for details of dues to micro and small enterprises)	1,585,359,322
<b>Other Liabilities</b>	
Current maturities of Long Term Borrowings ( Note 4 )	61,837,063
Liability for expenses (refer note 29 for details of dues to micro and small enterprises)	59,255,129
Creditors for capital expenditure	5,061,970
Advance received from customer	113,639,006
Interest Accrued but not due on Loans	5,096,344
Unpaid Dividend	63,323
Security deposit from employees	177,100
<u>Others</u>	
Statutory dues	15,879,469
	<b>261,009,404</b>
	<b>1,846,368,726</b>

# CONSOLIDATED NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> March, 2014

## Note 9 : FIXED ASSETS

Sr. No.	Assets	GROSS BLOCK			DEPRECIATION/ AMORTISATION			NET BLOCK	
		As On 01/04/2013 Rs.	Addition Rs.	Deductions/ Adjustments Rs.	As On 31/03/2014 Rs.	Dep. For the year Charged To P & L A/c Rs.	Deductions/ Adjustments Rs.	Upto 31/03/2014 Rs.	As On 31/03/2014 Rs.
	Tangible assets								
1	Factory Land	17,127,862	4,334,204	8,818,164	12,643,902	-	-	-	12,643,902
2	Factory Building	294,460,514	35,252,647	-	329,713,161	41,287,781	9,529,909	50,817,691	278,895,471
3	Office Building	731,040	-	-	731,040	421,191	15,492	436,684	294,356
4	Plant & Machinery	565,173,233	166,588,774	11,681,836	720,080,171	179,990,842	57,692,836	232,677,326	487,402,845
5	Electrical & Telephone								
	Installation & office equipment	15,778,025	799,114	-	16,577,139	6,438,025	781,409	7,219,435	9,357,705
6	Computers	13,512,015	110,367	-	13,622,382	10,309,185	1,402,396	11,711,581	1,910,801
7	Furniture & Fixtures	25,516,184	208,063	-	25,724,247	9,313,415	1,533,438	10,846,853	14,877,393
8	Vehicles	47,682,876	2,351,230	3,275,227	46,758,879	28,136,666	5,164,798	30,912,025	15,846,854
9	Live Stock	22,000	-	-	22,000	-	-	-	22,000
	Intangible assets	980,003,750	209,644,400	23,775,227	1,165,872,922	275,897,106	76,120,279	344,621,595	821,251,327
	Computer Software	5,277,375	20,069,617	-	25,346,992	2,368,725	4,746,459	7,115,184	18,231,808
	Total Current Year	985,281,125	229,714,017	23,775,227	1,191,219,914	278,265,831	80,866,738	351,736,779	839,483,136

### Notes:

- (1) During the year, the company has reviewed its fixed assets for impairment loss as required by Accounting Standards 28 – "Impairment of Assets". In the opinion of management no provision for impairment loss is considered necessary.





## 10 NON CURRENT INVESTMENTS (VALUED AT COST UNLESS STATED OTHERWISE)

		Maturity Date	Number of Units	Face Value Per Unit (Rs.)	Face Value (Rs.)	As at 31.3.2014 (Rs.)
I	<b>MUTUAL FUNDS</b> <b>QUOTED FIXED MATURITY PLAN</b> Union KBC Capital Protection Oriented Fund - Series 5 -Regular Plan - Growth	6-Feb-2017	100,000	10	1,000,000	1,000,000
	<b>TOTAL</b>					<b>1,000,000</b>

<b>Notes :</b>	<b>As at 31.3.2014 (Rs.)</b>
(a) Aggregate Book Value - Quoted Investments	1,000,000
(b) Aggregate Market Value of Quoted Investments	1,073,180

## 11 Loans and Advances

	Long - Term	Short - Term
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2014 In Rs.
<b>Capital Advances</b>		
Secured, considered good	-	-
Unsecured, considered good	39,613,681	-
<b>(A)</b>	<b>39,613,681</b>	<b>-</b>
<b>Security Deposit</b>		
<u>Secured, considered good</u>	-	-
<u>Unsecured, considered good</u>		
- Security Deposit to Related Party	55,000,000	-
- Others	4,451,228	1,823,295
<b>(B)</b>	<b>59,451,228</b>	<b>1,823,295</b>
<b>Advances recoverable in cash or kind</b>		
Secured, considered good	-	-
Unsecured, considered good	-	236,997,283
<b>(C)</b>	<b>-</b>	<b>236,997,283</b>
<b>Other loans and advances (Unsecured, considered good)</b>		
Advance income tax (net of provision for taxation)	-	-
Balance with central excise authority	-	47,057,837
Collateral / Margin Money	-	30,954,882
Deferred Premium	-	-
Prepaid expenses	-	4,876,784
Loans and advances to employees	-	1,005,993
Advance income tax (net of provision for taxation)	436,446	-
Balances with statutory / Government authorities	777,663	7,519,548
<b>(D)</b>	<b>1,214,109</b>	<b>91,415,044</b>
<b>(A+B+C+D)</b>	<b>100,279,018</b>	<b>330,235,622</b>

**Collateral / Margin money deposits given as security :**

The lender has unconditional lien in respect of the collateral of Rs.60,00,000/- and interest accruing thereon and has unconditional right to adjust these monies to set off compensation arising out of late remittance of monthly installment due in respect of Indian rupee Working Capital loan of Rs 3,00,00,000 /-.

Margin money deposits with a carrying amount of Rs. 24,954,882/- are given against the discounting of bills of exchange.

	Long - Term	Short - Term
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2014 In Rs.
<b>Security deposits include</b>		
Dues from Directors & their relatives (refer note 26)	55,000,000	-
<b>Loans to employee include</b>		
Dues from Officers	-	890,928
Dues from Workers	-	115,065

**12 Other Assets**

	Non - Current	Current
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2014 In Rs.
<b>Unsecured, considered good unless stated otherwise</b>		
Non current bank balances (note 15)	7,898,113	-
Interest Accrued on Bank deposits	432,788	4,199,436
Interest Accrued on other deposits	-	588,973
Export Benefit Incentive	-	51,688,508
	<b>8,330,901</b>	<b>56,476,917</b>

**13 Inventories (Valued at cost or market value whichever is lower, as taken, valued and certified by management )**

	31 <sup>st</sup> March, 2014 in Rs.
Raw materials and components (Includes in transit Rs NIL /- Refer Note (1) (f) )	239,490,841
Work in progress (Refer note (1) (f) )	165,071,021
Finished goods (Refer Note (1) (f) )	81,986,259
Land for Industrial Park (Refer Note 36)	8,818,164
Traded goods (Includes in transit Rs.9,205,310/- ( Refer Note (1) (f) )	1,556,251,156
Stores and spares	43,578,305
	<b>2,095,195,745</b>



## 14 Trade Receivable

	Non - Current	Current
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2014 In Rs.
<b>Unsecured, considered good unless stated otherwise</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	-	264,064,035
Doubtful	-	5,429,109
	-	<b>269,493,144</b>
Provision for doubtful debts	-	(5,429,109)
<b>(A)</b>	-	<b>264,064,035</b>
<b>Other debts</b>		
Secured, considered good	-	-
Unsecured, considered good	-	2,527,734,211
<b>(B)</b>	-	<b>2,527,734,211</b>
<b>(A+B)</b>	-	<b>2,791,798,245</b>

## 15 Cash and Bank Balances

	Non - Current	Current
	31 <sup>st</sup> March, 2014 In Rs.	31 <sup>st</sup> March, 2014 In Rs.
<b>Cash and cash equivalents</b>		
Currency in hand	-	241,067
Cash on hand	-	2,381,875
<b>Balances with banks:</b>	-	-
On current accounts	-	26,778,564
Earmarked balance with Bank (Unpaid Dividend)	-	63,323
Cheques/drafts in hand	-	70,000,000
<b>Total Cash and cash equivalents</b>		<b>99,464,830</b>
<b>Other bank balances</b>		
Margin money deposit	7,898,113	90,357,856
	<b>7,898,113</b>	<b>90,357,856</b>
<b>Amount disclosed under non-current assets (Note - 12)</b>	<b>7,898,113</b>	
	-	<b>189,822,686</b>

Margin money deposits given as security :

Fixed deposits amounting to Rs.98,255,969/- have been kept with the banks as a margin money for non fund based facilities.

**16 Revenue From Operations**

	31 <sup>st</sup> March, 2014 in Rs.
<b>Operating revenue</b>	
Sale of Products	
Finished goods	2,822,281,469
Traded goods	7,553,320,864
<b>Other operating revenue</b>	
Export Incentives	58,213,992
Profit on Consignment Sales	75,468
<b>Revenue from operations (Gross)</b>	<b>10,433,891,793</b>
Less : Excise duty #	179,495,577
<b>Revenue from operations (Net)</b>	<b>10,254,396,216</b>

# Excise duty on sales amounting to Rs.179,495,577 has been reduced from sales in the Statement of Profit and Loss and excise duty on (increase) / decrease in stock amounting to Rs.( 28,957,614) has been considered as (income) / expense in note 22 of financial statements.

**Details of product sold**

	31 <sup>st</sup> March, 2014 in Rs.
<b>Finished goods sold</b>	
S. S. Pipe / Tubes	2,767,647,151
S. S. Scrap	54,634,318
	<b>2,822,281,469</b>
<b>Traded goods sold</b>	
S. S. Pipe / Tubes	1,046,411,843
S. S. Sheet / Coil /Plate	6,506,909,021
	<b>7,553,320,864</b>
	<b>10,375,602,333</b>

**17 Other Income**

	31 <sup>st</sup> March, 2014 in Rs.
<b>Interest Income on</b>	
-Bank Deposits	8,779,098
-Loans & Advances	973,271
-Receivables	27,855,709
Profit on Sale of fixed assets	19,508
Discount on Forward Contracts (net of premium)	3,548,970
	<b>41,176,556</b>

**18 Raw Material Consumed**

	31 <sup>st</sup> March, 2014 in Rs.
Opening Stock	397,424,577
Add : Purchases	1,765,553,229
	2,162,977,806
Less : Closing Stock	239,490,841
	<b>1,923,486,965</b>



#### Details of raw material and components consumed

	31 <sup>st</sup> March, 2014 in Rs.
S. S. Strip / Sheet / Coil / Plate	945,189,820
S. S. Round Bar	199,354,628
S.S. Pipe	778,942,517
	<b>1,923,486,965</b>

#### Details of inventory

	31 <sup>st</sup> March, 2014 in Rs.
<b>Raw materials and components</b>	
S. S. Strip / Sheet / Coil / Plate	83,587,542
S. S. Round Bar	14,642,362
S.S. Pipe	141,260,937
	<b>239,490,841</b>

#### 19 Increase / (decrease) in Stock

	31 <sup>st</sup> March, 2014 in Rs.
Opening Stock :	
Traded Goods	970,877,712
Work in Process	115,146,155
Finished Goods	346,759,837
	1,432,783,704
Closing Stock :	
Land for Industrial Park (Refer Note 36)	8,818,164
Traded Goods	1,556,251,156
Work in Process	165,071,021
Finished Goods	81,986,259
	1,812,126,600
	<b>(379,342,896)</b>

#### Details of purchase of traded goods

	31 <sup>st</sup> March, 2014 in Rs.
S. S. Pipe / Tubes	1,033,806,802
S. S. Sheet / Coil /Plate	6,505,366,642
	<b>7,539,173,444</b>

**Details of inventory**

	31 <sup>st</sup> March, 2014 in Rs.
<b>Land for Industrial Park (Refer Note 36)</b>	8,818,164
	<b>8,818,164</b>
<b>Traded goods</b>	
S. S. Pipe / Tubes	219,627,628
S. S. Sheet / Coil /Plate	1,336,623,527
	<b>1,556,251,156</b>
<b>Work-in-progress</b>	
S. S. Strip / Sheet / Coil / Plate	44,154,226
S.S. Pipe	120,916,795
	<b>165,071,021</b>
<b>Finished goods</b>	
S. S. Pipe / Tubes	79,166,381
S. S. Scrap	2,819,878
	<b>81,986,259</b>

**20 Employee Benefit Expenses**

	31 <sup>st</sup> March, 2014 in Rs.
Salaries, Bonus and Other Benefits	15,356,396
Contribution to Provident and Other Funds	3,500,521
Wages , Bonus & Other Benefits	72,355,054
Remuneration to Directors	3,780,000
Staff welfare Expenses	5,582,476
	<b>100,574,447</b>

**21 Finance Costs**

	31 <sup>st</sup> March, 2014 in Rs.
Interest on Term Loan	14,158,987
Interest on Cash Credit & Other Facilities	248,874,591
Interest on Car Loans	466,405
Interest On unsecured loans	13,685,164
Other Interest	30,802,592
	<b>307,987,739</b>
Bank Commission & Other Finance Charges	45,284,084
	<b>353,271,823</b>
	<b>353,271,823</b>

**22 Other Expenses**

	31 <sup>st</sup> March, 2014 in Rs.
<b>Manufacturing &amp; Other Expenses</b>	
Testing , Cutting & Job Work Charges	33,647,917
Power, Fuel & Water Charges	30,225,554
Insurance (Factory)	743,428
Repairs & Maintenance (Factory)	10,160,141
Liquidated damages/Late delivery charges paid	9,601,972
Excise Duty on Closing Stock	(28,957,614)
<b>(A)</b>	<b>55,421,398</b>



	31 <sup>st</sup> March, 2014 in Rs.
<b>Administrative, Selling Expenses &amp; Other Expenses</b>	
Fluctuation in Foreign Currency	29,116,874
Advertisement Expenses	4,604,681
Sales Promotion Expenses	5,981,801
Discount & Rebate	1,502,660
Donation	236,596
Export Freight	49,596,456
Legal and Professional Expenses	15,542,142
Packing, Transport, Coolie & Cartage	36,894,379
Printing & Stationary	1,705,163
Rates & Taxes	4,549,316
Registration & Tender Fees	53,538
Rent	3,130,402
Electricity Charges	1,496,735
Repairs & Maintenance	3,003,611
Security Charges	752,478
Auditors Remuneration	828,132
Insurance	1,654,828
Director Sitting Fees	147,000
Sundry Expenses	2,109,168
Telephone, Postage & Telegram	3,733,334
Travelling & Conveyance	13,899,315
Vehicle Maintenance & Insurance	8,680,867
Brokerage & Commission	334,744
Sundry Balances Written off (net) (Refer Note No.32)	31,326,734
Loss on Sale/Theft of Fixed Assets	5,109,670
Training & Recruitment Expenses	121,102
Provision for doubtful debts	4,420,192
Bad Debts written off	3,779,426
Preliminary Expenses written off	934,303
<b>(B)</b>	<b>235,245,648</b>
<b>(A+B)</b>	<b>290,667,046</b>
<b>Note:</b>	
<b>Payment to auditors</b>	
<b>As auditor:</b>	
Audit fee	720,992
<b>In other capacity:</b>	
Taxation matters	40,000
Reimbursement of expenses	37,140
Other services	-
Certification	30,000
	<b>828,132</b>

## 23 Earnings Per Share (EPS)

In accordance with Accounting Standard 20 - "Earning per Share" notified under Companies (Accounting Standard) Rules, 2006, (as amended) and relevant provisions of Companies Act, 1956 the required disclosure is given below:

	31 <sup>st</sup> March, 2014 in Rs.
<b>The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations :</b>	
Net profit / (loss) attributable to Shareholders (Rs.)	214,021,550
Weighted average number of equity shares issued (Nos.) for basic EPS	17,500,039
Basic earnings per share of Rs. 10/- each (in Rs.)	<b>12.23</b>

The Company does not have any potential dilutive equity shares. Consequently, the basic and diluted earnings per share remain the same.

## 24 Disclosure under Revised Accounting Standard 15 on Employee Benefits:

Consequent to Accounting Standard 15 "Employee Benefits" (Revised 2005) becoming effective, the Company has made the provision for Defined Contribution Plan and Defined Benefit Plan.

### Defined Contribution Plan

During the year, the Company has recognized Rs. 3,500,521/- towards Provident Fund and Employees, State Insurance Corporation as Defined Contribution Plan Obligation.

### Defined Benefit Plan Gratuity & Leave Encashment

Liability is computed on the basis of Gratuity & Leave Encashment payable on retirement, death and other withdrawals as per the Act and already accrued for past service, with the qualifying wages/salaries appropriately projected, as per the Projected Unit Credit Method.

#### I. Actuarial Assumption

Particulars	Gratuity	Leave Encashment
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Discount Rate Current	9.10%	9.10%
Rate of Increase in Compensation Levels	6.00%	6.00%

#### II Table Showing Change in Benefit Obligation

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Projected Benefit Obligations (PBO) at the beginning of the year	6,361,072	1,922,771
Interest Cost	484,512	109,306
Service Cost	967,604	306,548
Benefits paid	(904,773)	(1,179,545)
Actuarial (gain) / loss on Obligations	(1,356,297)	12,780
Projected Benefit Obligations (PBO) at the end of the Year	5,552,118	1,171,859





### III Tables of Fair value of Plan Assets

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits paid	-	-
Gain / (loss) on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-

### IV Tables of change in Plan Assets

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Fair Value of Plan Assets	-	-
at the beginning of the year	-	-
Actual return on Plan Assets	-	-
Contributions	-	-
Benefits paid	-	-
Fair value of Plan Assets at the end of the year	-	-

### V. Funded Status

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Funded Status	(5,552,118)	1,171,859

### VI The Amounts to be recognised in Balance Sheet and Income Statement and the related analysis

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Present Value of Obligation	5,552,118	1,171,859
Fair value of Plan Assets	-	-
Diff	5,552,118	1,171,859
Unrecognised Actuarial gains (losses)	-	-
Unrecognised Transitional Liability	-	-
Liability Recognised in Balance Sheet	5,552,118	1,171,859

**VII. Net Periodic Cost**

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Current Service Cost	967,604	306,548
Interest Cost	484,512	109,306
Expected Return on Plan Assets	-	-
Net Actuarial (gain) loss recognised in the year	(1,356,297)	12,780
Expenses Recognised in the Income Statement	95,819	428,633

**VIII. Movements in the liability recognised in the Balance Sheet**

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Opening Net Liability	6,361,072	1,922,771
Expense as above	95,819	428,633
Contributions paid	(904,773)	(1,179,545)
Closing Net Liability	5,552,118	1,171,859

**IX Experience Adjustments**

Particulars	Gratuity (Rs.)	Leave Encashment (Rs.)
	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Defined benefit obligation	5,552,118	1,171,859
Plan assets	-	-
Surplus/ (deficit)	(5,552,118)	(1,171,859)
Experience adjustment on plan liabilities	(771,947)	140,152
Actuarial Loss/(Gain) due to change in assumptions	(584,350)	(127,372)
Experience adjustment on plan assets	-	-
Net Actuarial Loss/ (Gain) for the year	(1,356,297)	12,780

**25 Segment Reporting**

The Company's operations predominantly relates to manufacturing and trading of "Stainless Steel Tubes & Pipes", and the revenue from Real Estate segment is yet to commence, there is no separate reporting segment as per Accounting Standard 17 "Segment Reporting" notified under the Companies (Accounting Standard) Rules, 2006.

**26 Related Party Disclosure**

Disclosure requirement as per Accounting Standard 18 (AS-18) "Related Party Disclosure" notified under Companies (Accounting Standard) Rules, 2006, (as amended) and relevant provisions of Companies Act 1956,



Related Parties	Nature of relationship
M/s. Sunrise Metal Industries	Enterprise of which key management person (Shri Prakash Kanugo) is proprietor
M/s. AMS Trading & Investments Pvt. Ltd.	Associates / Enterprises over which directors and / or their relatives has significant influence
M/s. Seth Iron & Steel Pvt. Ltd.	
M/s. Seth Steelage Pvt. Ltd.	
M/s. Prakash Stainless Pvt. Ltd.	
M/s. PCK Metal Pvt. Ltd.	
M/s. Seth Carbon & Alloys Pvt. Ltd.	
M/s. Prakash & Daga Infra Projects Pvt. Ltd.	
M/s. Prakash C. Kanugo (HUF)	
M/s. Ashok M. Seth (HUF)	
M/s. Prakash Integrated Hi-Tech Steel And Metal Cluster Private Limited	
M/s. Chandan and Kanugo Land Developer	
M/s. Hemant & Co.	
M/s. Prakash Land Developer	
M/s. Hemant P Kanugo ( HUF )	
M/s Vimal P Kanugo ( HUF )	
Shri Prakash C. Kanugo, Chairman & Managing Director	Key Management Personnel
Shri Ashok M. Seth, Executive Director	
Shri Hemant P. Kanugo, Whole Time Director	
Shri Kamal P. Kanugo , Whole Time Director	
Smt. Babita P. Kanugo	Relatives of Key Management Personnel
Shri Vimal P. Kanugo	
Shri Kirti P. Kanugo	
Smt. Ekta H. Kanugo	

Note: Related Party Relationships have been identified by the management and relied upon by the Auditors.

Details of transactions between the Company & related parties & the status of outstanding balances as on 31<sup>st</sup> March, 2014.

(in Rs.)

Nature of Transactions	Name of Party	Associates/ Enterprises over which directors and/ or their relatives has significant influence	Key Management Personnel	Relatives of Key Management Personnel
		31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Unsecured Loans Taken	M/s. AMS Trading & Investments Pvt. Ltd.	100,000,000	-	-
	M/s. Sunrise Metal Industries	250,000,000	-	-
Unsecured Loans Repaid	M/s. AMS Trading & Investments Pvt. Ltd.	100,000,000	-	-
Interest Paid	M/s. Sunrise Metal Industries	2,713,562	-	-

(in Rs.)				
Nature of Transactions	Name of Party	Associates/ Enterprises over which directors and/ or their relatives has significant influence	Key Management Personnel	Relatives of Key Management Personnel
		31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2014
Remuneration / Salary	Shri Ashok M. Seth	-	1,050,000	-
	Shri Hemant P. Kanugo	-	750,000	-
	Shri Kamal P. Kanugo	-	630,000	-
	Shri Kirti P. Kanugo	-	-	360,000
	Shri Prakash C. Kanugo	-	1,350,000	-
	Shri Vimal P. Kanugo	-	-	360,000
Rent Paid	Shri Prakash C. Kanugo	-	60,000	-
	M/s. Prakash C. Kanugo (HUF)	480,000	-	-
	M/s. Ashok M. Seth (HUF)	360,000	-	-
	Smt. Ekta H. Kanugo	-	-	480,000
	Shri Kamal P. Kanugo	-	660,000	-
	Shri Hemant P. Kanugo	-	108,000	-
Outstanding Balances				
Office Deposit Given	M/s. Ashok M. Seth (HUF)	11,000,000	-	-
	M/s. Prakash C. Kanugo (HUF)	14,000,000	-	-
	Smt. Ekta H. Kanugo	-	-	14,000,000
	Shri Kamal P. Kanugo	-	11,000,000	-
Other Deposit Given	Shri Kamal P. Kanugo	-	5,000,000	-
Rent Payable	Shri Kamal P. Kanugo	-	45,000	-
Interest Payable	M/s. Sunrise Metal Industries	2,442,206	-	-
Unsecured Loan Taken	M/s. Sunrise Metal Industries	250,000,000	-	-
Corporate Guarantee & Pledge of equity shares	M/s. AMS Trading and investment Pvt. Ltd.	AMS Trading and investment Pvt. Ltd had given an irrevocable and unconditional corporate guarantee and pledged 12,64,542 equity shares of the company held by them against the loan of Rs. 5,00,00,000/- taken by the company from NBFC to maintain the security cover equal to 2.50 times at all times during the tenure of the loan. The tenure of the loan was from 01-10-2012 to 04-10-2013. During the year, the loan has been fully repaid on 04-10-2013.		

## 27 Capital and Other Commitment

	31 <sup>st</sup> March, 2014 In Rs.
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	106,967,967
(b) Other Commitments	
- Commitment for investments	-



## 28 Contingent Liabilities

	31 <sup>st</sup> March, 2014 In Rs.
<b><u>Contingent liabilities not provided for in respect of:</u></b>	
(a) Guarantees given by the bankers of the company	43,665,328
(b) Sales Tax demands disputed in appeals	15,459,374
(c) Letter of Credit	-
(d) Gujarat Commercial Tax Penalty	-
(e) Central Sales Tax Liability towards pending declaration forms	29,811,068
(f) Disputed Excise Duty Rebate Claim	551,080
(g) Disputed CENVAT Credit	3,599,712
(h) Commitment towards development work for Industrial Park Project	85,000,000

## 29 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006, (MSMED Act) as at 31<sup>st</sup> March, 2014. The disclosure pursuant to the said Act is as under:

Particulars	31 <sup>st</sup> March, 2014 In Rs.
Principal amount remaining unpaid to any supplier as at the year end	887,709
Interest due thereon	-
Amount of interest paid during the year	39,886
Amount of payments made to the supplier beyond the appointed day during the accounting year	-
Amount of interest due and payable for the period of delay in making payment (which have 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.	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act 2006	-

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.

- 30 Some of the balances of Trade Receivables, Deposits, Loans & Advances, Advances received from customers, Liability for expenses and Trade Payables are subject to confirmation from the respective parties and consequential reconciliation/adjustment arising there from, if any. The management, however, does not expect any material variation.
- 31 In the opinion of the Management, Current Assets, Loans & Advances are approximately of the value stated, if realized, in the ordinary course of business. The provision for all known and determined liability is adequate and not in the excess of the amount reasonably required.
- 32 Sundry balances (net) written off amounting to Rs. 31,326,734/- are net of sundry credit balances written back amounting to Rs.85,65,196/-
- 33 Prior period adjustment (Net) amounting to Rs 31,090/-(credit) includes income of Rs. 290,025/- and expenses Rs. 258,935/- .
- 34 Exceptional item represents gain of Rs.1,75,00,000 /- on account of forfeiture of advance due to cancellation of sale contract by the customer as per terms of contract.

**35 Disclosures of derivative instruments**

The Company has entered into the following derivative instruments. All the forward contracts are accounted for as per Accounting Policies stated in Note 1(I) annexed to Balance Sheet and Statement of Profit and Loss.

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations. The Company does not use forward contracts for speculative purposes.

**(a) Outstanding Short-term Forward Exchange Contracts entered into by the Company on account of receivables :**

	31 <sup>st</sup> March, 2014
No. of Contracts	21
US Dollar equivalent	2,600,000
INR equivalent	156,259,480

**(b) Outstanding Short-term Forward Exchange Contracts entered into by the Company on account of payables :**

	31 <sup>st</sup> March, 2014
No. of Contracts	-
US Dollar equivalent	-
INR equivalent	-

**(c) The un-hedged foreign currency exposure as on 31<sup>st</sup> March 2014 is given below:**

	Payables as at 31 <sup>st</sup> March 2014	
	Foreign Currency Amount	Local Currency
USD	2,416,257	145,216,550
EURO	84,150	6,948,828
GBP	-	-

	Receivables as at 31 <sup>st</sup> March 2014	
	Foreign Currency Amount	Local Currency
USD	853,094	51,270,803
EURO	559,839	46,229,548
GBP	-	-

**36** Company has initiated the development of the "Industrial Park Project" on its idle land at Palgam (Umbergaon) and accordingly, the Company has converted the Land into Stock-in-Trade at lower of cost or net realizable value i.e. at cost of Rs. 88,18,164/-.

**37** Since, the Company has prepared the Consolidated financial Statement for the first time, figures for the previous year have not been given.

**AS PER OUR REPORT OF EVEN DATE**

FOR KHANDELWAL JAIN & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 105049W

Sd/-  
**NARENDRA JAIN**  
PARTNER  
M.NO.048725

PLACE : MUMBAI  
DATE : 29<sup>TH</sup> MAY, 2014

FOR D. C. BOTHRA & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO: 112257W

Sd/-  
**PAWAN BOTHRA**  
PARTNER  
M.NO.031215

**SIGNATURES TO NOTES "1" TO "37"****FOR AND ON BEHALF OF THE BOARD**

Sd/-  
**PRAKASH C. KANUGO**  
CHAIRMAN &  
MANAGING DIRECTOR

Sd/-  
**PALLAVI P. SHEDGE**  
COMPANY SECRETARY  
& COMPLIANCE OFFICER

Sd/-  
**ASHOK M. SETH**  
EXECUTIVE DIRECTOR &  
CHIEF FINANCIAL OFFICER



### Financial Information of Subsidiary Company

Name of the Subsidiary Company	Pioneer Stainless & Alloy - FZC
Reporting Currency	USD
Exchange rate used	60.0998
Capital	3,029,571
Reserves	48,211,278
Total Assets	51,914,628
Total Liabilities	51,914,628
Investments other than investments in subsidiary	-
Turnover	812,217,323
Profit Before Taxation	48,529,265
Provision for Taxation	-
Profit After Taxation	48,529,265
Proposed Dividend	-
Country	UAE

### Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

Sr.	Particulars	Pioneer Stainless & Alloy - FZC
1.	Financial year of the Subsidiary Company ended on	31.03.2014
2.	Shares of the Subsidiary Company held on the above date and extent of Holding:	
	a) Equity / Ordinary / Common Shares	100
	b) Extent of Holding (%)	100%
3.	The net aggregate amount of profit / (loss), of the subsidiary company so far as it is concerned with the members of the Company:	
	i) Dealt within the holding company's accounts	
	a) For the Financial year of the Subsidiary	48,529,265
	b) For the previous Financial years of the Subsidiary/since it became the Holding company's subsidiary	N.A.
	ii) Not dealt within the holding company's accounts:	
	a) For the Financial year of the Subsidiary	N.A.
	b) For the previous Financial years of the Subsidiary/since it became the Holding company's subsidiary	N.A.

## Notes



## Notes

This image shows a full page of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. At the very top, there is a thin green header bar. At the bottom center, the number "108" is printed.

## Notes

# Prakash Steelage Limited

CIN : L27106MH1991PLC061595

Regd. Office: 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai - 400 026

Email: [investorsgrievances@prakashsteelage.com](mailto:investorsgrievances@prakashsteelage.com) Website: [www.prakashsteelage.com](http://www.prakashsteelage.com)

Tel. No.: 022 66134500; Fax No.: 022 23526576

## Attendance Slip

Please fill the attendance slip and hand it over at the entrance of the meeting hall.  
Joint holders may obtain additional Slip at the venue of the meeting.

DP ID\* \_\_\_\_\_ Folio No \_\_\_\_\_

Client ID\* \_\_\_\_\_ No of shares \_\_\_\_\_

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

I hereby record my presence at the **23<sup>rd</sup> ANNUAL GENERAL MEETING** of the Company held on Friday, the 26<sup>th</sup> September, 2014, at 4:00 p.m., at Victoria Memorial School for the Blind, Opp. A.C. Market, Tardeo, Mumbai – 400 034.

\_\_\_\_\_  
Signature of Shareholder / Proxy

NOTE: Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

\* Applicable for members holding shares in electronic form.

# Prakash Steelage Limited

CIN : L27106MH1991PLC061595  
Regd. Office: 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai – 400 026  
Email: investorsgrievances@prakashsteelage.com Website: www.prakashsteelage.com  
Tel. No.: 022 66134500; Fax No.: 022 23526576

## FORM NO. MGT-11 Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rule, 2014]

CIN : L27106MH1991PLC061595

Name of the Company: Prakash Steelage Limited

Registered Address: 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai - 400 026

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email Id: \_\_\_\_\_

Folio No / Client ID: \_\_\_\_\_

DP ID: \_\_\_\_\_

I / We being the member(s) of \_\_\_\_\_ Equity Shares of Prakash Steelage Limited, hereby appoint:

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email ID: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him / her

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email ID: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him / her

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email ID: \_\_\_\_\_

Signature: \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the **23<sup>rd</sup> ANNUAL GENERAL MEETING** of the Company, to be held on Friday, the 26<sup>th</sup> September, 2014 at 04.00 p.m. at Victoria Memorial School for the Blind, Opp. A.C. Market, Tardeo, Mumbai - 400 034 and at any adjournment thereof in respect of such resolutions as are indicated below:

# Prakash Steelage Limited

CIN : L27106MH1991PLC061595

Regd. Office: 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai – 400 026

Email: [investorsgrievances@prakashsteelage.com](mailto:investorsgrievances@prakashsteelage.com) Website: [www.prakashsteelage.com](http://www.prakashsteelage.com)

Tel. No.: 022 66134500; Fax No.: 022 23526576

## FORM NO. MGT-11 Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rule, 2014]

Resolution No	Description of the business as set out in the 23 <sup>rd</sup> AGM Notice dated 13 <sup>th</sup> August, 2014	For	Against
1.	Consider and adopt Standalone and Consolidated Audited Financial Statements, Reports of the Board of Directors and Auditors.		
2.	Declaration of Dividend on the Equity Shares of the Company.		
3.	Appointment of Mr. Kamal P. Kanugo (DIN 02023367) as a Director, liable to retire by rotation.		
4.	Re-appointment of M/s. Khandelwal Jain & Co., Chartered Accountants (Firm Registration No. 105049W), as the Joint Statutory Auditors and to fix their remuneration.		
5.	Appointment of M/s. Batliboi & Purohit, Chartered Accountants (Firm Registration No. 101048W), as the Joint Statutory Auditors in place of M/s. D. C. Bothra & Co., Chartered Accountants (Firm Registration No. 112257W), and to fix their remuneration.		
6.	Appointment of Mr. A. Prakashchandra Hegde (DIN 02266510) as an Independent Director for a period of 5 years..		
7.	Appointment of Dr. Bipin C. Doshi (DIN 00322143) as an Independent Director for a period of 5 years..		
8.	Appointment of Mr. Gautam Chand C. Jain (DIN 02809603) as an Independent Director for a period of 5 years..		
9.	Appointment of Mr. Himanshu J. Thaker (DIN 02325297) as an Independent Director for a period of 5 years.		
10.	Ratification of remuneration to be paid to M/s. Amish Parmar & Associates, Cost Accountants for the financial year ending on 31 <sup>st</sup> March, 2015.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signature of Share holder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

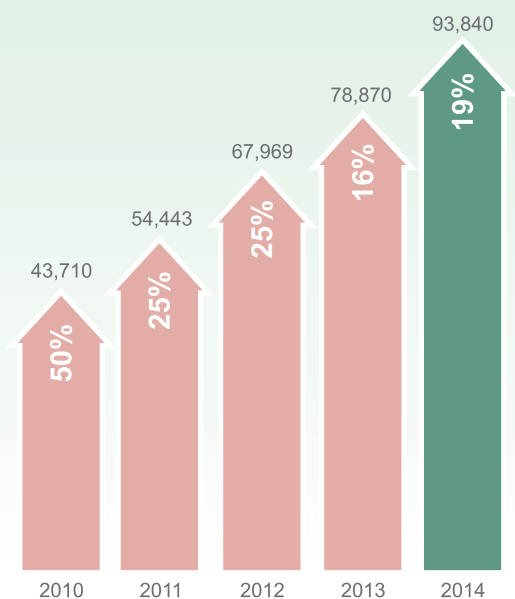
Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at 701, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai - 400 026 not less than 48 hours before the commencement of the meeting.

## Financial Highlights

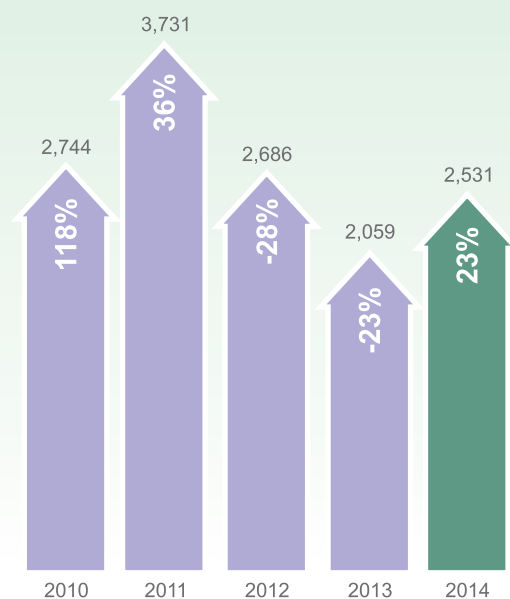
### SALES

(Rs. in Lacs)



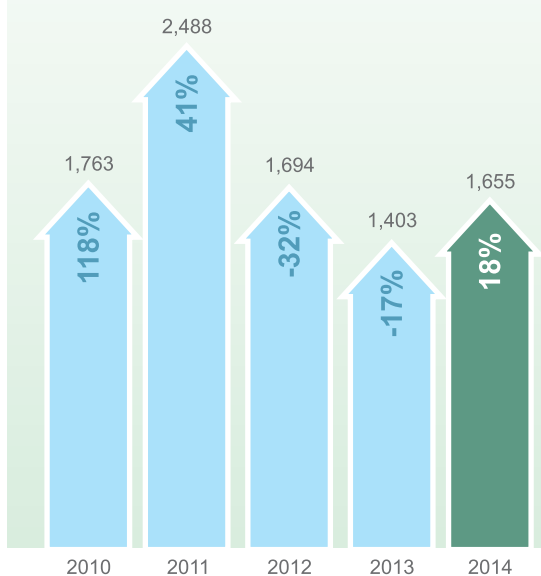
### PBT

(Rs. in Lacs)



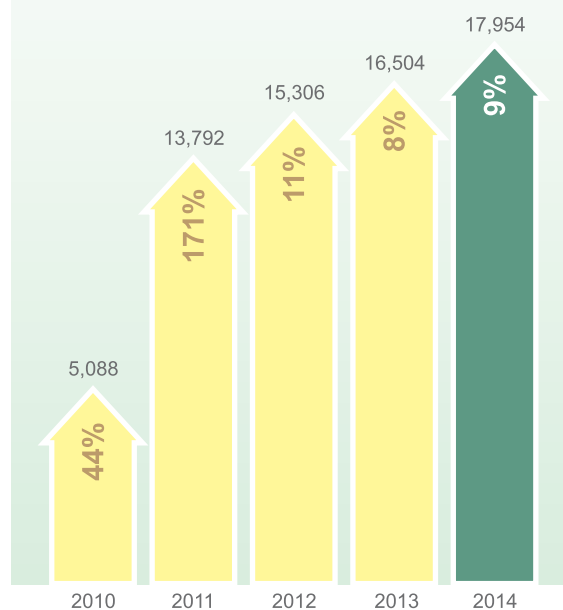
### PAT

(Rs. in Lacs)



### NET WORTH

(Rs. in Lacs)



## **Prakash Steelage Limited**

*An ISO 9001-2008, ISO 14001-2004, BS OHSAS 18001-2007,  
PED Certified, AD-2000-Merkblatt W O &  
Government Recognised Star Export House*

**Manufacturers & Exporters of Austenitic, Martensitic,  
Ferritic, Duplex & Super Duplex, Welded and  
Seamless Pipes, Tubes & U "Tubes"**

### **Registered Office :**

701, Mahalaxmi Chambers, Bhulabhai Desai Road,  
Mahalaxmi, Mumbai - 400 026 (India)

Ph. : +91-22 - 6613 4500 • Fax : +91-22 - 6613 4599

CIN: L27106MH1991PLC061595

### **Domestic Sales :**

[sales@prakashsteelage.com](mailto:sales@prakashsteelage.com)

### **International Sales :**

[exports@prakashsteelage.com](mailto:exports@prakashsteelage.com)

### **Website :**

[www.prakashsteelage.com](http://www.prakashsteelage.com)

### **Manufacturing Units :**

**Unit 1 :** Survey No. 46/1, Parjai Road,  
Village Kherdi, Silvassa - 396 230,  
Union Territory of Dadra & Nagar Haveli, (India)

**Unit 2 :** Plot No.131/1, Umbergaon, Sanjan Road,  
Umbergaon - 396 170, Dist.Valsad, Gujarat (India)

