



ANNUAL REPORT
2015-16



Prakash Industries Limited

People.. Prosperity.. Progress..

PRAKASH INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri V. P. Agarwal	Chairman
Shri Vikram Agarwal	Managing Director
Shri Kanha Agarwal	Joint Managing Director
Shri M.L. Pareek	Whole - time Director & CEO
Shri P.L. Gupta	Whole - time Director & CFO
Shri K. C. Mehra	Independent Director
Dr. S. L. Keswani	Independent Director
Shri Y.N. Chugh	Independent Director
Shri M.R. Agarwal	Independent Director
Smt. Purnima Gupta	Independent Director

COMPANY SECRETARY

Shri Ashwini Kumar

STATUTORY AUDITORS

Chaturvedi & Partners
Chartered Accountants

BANKERS

Corporation Bank
Kotak Mahindra Bank

PRAKASH INDUSTRIES LIMITED

REGISTERED OFFICE

15 Km. Stone, Delhi Road,
Hissar - 125044 (Haryana)

CORPORATE OFFICE

SRIVAN

Bijwasan,

New Delhi - 110 061

WORKS

Champa (Chhattisgarh)

Raipur (Chhattisgarh)

Kashipur (Uttarakhand)

Koira, Distt. Koenjhar (Odisha)

Muppandal (Tamil Nadu)

WEBSITE

www.prakash.com

PRAKASH INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 35th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2016.

FINANCIAL RESULTS

	(₹ in Crores)	
	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Net Sales & Other Income	2060.11	2,844.13
EBIDTA	190.96	417.62
Depreciation	101.73	95.79
Financial Expenses	68.64	60.73
Expenses Amortised	-	2.70
Profit before exceptional item and tax	20.59	258.40
Exceptional Item	-	249.06
Provision for Taxes	0.01	-
Profit after tax	20.58	9.34
Balance brought forward	12.36	23.71
	32.94	33.05
Depreciation on transition to schedule II of the Companies Act, 2013	-	20.69
MAT Credit reversal	7.28	-
Carried over to next year	25.66	12.36

PERFORMANCE

During the year under review, the Net sales revenue & other income was ₹2060.11 crores. After providing for interest, depreciation and tax, the Profit After Tax of the Company was ₹ 20.58 crores as against ₹ 9.34 crores in the previous year.

OPERATIONAL REVIEW

Your Directors are pleased to inform you that the performance of the Company was stable and satisfactory during the year. Further, imposition of Minimum Import Price (MIP) by the Government of India to curb predatory low price steel imports in the country helped the Company and the market scenario improved significantly. In the finished steel segment, the Company has recorded higher production volumes by more than 10%. Also, during later part of the year, the Company completed retrofitting of Waste Heat Recovery Boilers, which led to additional 8 MW power generation without any additional cost, thereby contributing significantly to the bottomline. Company also installed capacitors and harmonic filters to improve power factor thereby saving costs. Rigid PVC Pipe Division recorded higher sales volumes of more than 23% over the previous year with much better margins and profitability.

DIVIDEND

After careful assessment of the available profit during the financial year ended 31st March, 2016, your Directors have not recommended any dividend for the financial year ended 31st March, 2016.

FUTURE PROSPECTS

The Company has always focussed on achieving optimum levels of integration in its

operations. The Company is undertaking expansion and modernization in its Steel Melting Shop by setting up energy efficient furnaces. The successful implementation of the above plan shall lay a strong foundation for the future prospects of the business. The Company is making all its efforts to make operational its allotted Iron Ore mines in the states of Chhattisgarh and Odisha, which will enhance operational performance significantly.

The Company has registered growth of more than 23% in the Rigid PVC Pipe Division, with operating margins growing from 10% to 13%. The Company is confident that this growth trajectory will continue and contribute significantly to the bottom line in the coming years.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

The Company has adequate and effective Environmental Management System, which conforms to ISO: 14001. Environmental Management System is a structured and systematic process for achieving continuous improvement in environmental performance & to provide effective environment. The Company integrates the consideration of environmental concerns and its impacts in its decision making and activities by promoting environmental awareness among its employees and encouraging them to work in an environmentally responsible manner & communicate environmental commitment to its clients, customers and public to encourage them to support it. The Company continually improves its environmental performance by minimizing the social impact of its activities by periodically reviewing its environmental policy in the light of current and planned future activities.

The Company is committed to provide a quality service in a manner that ensures a safe and healthy workplace for its employees and minimizes its potential impact on the environment. The Company operates in compliance with all relevant environmental legislation and will continue to strive for pollution prevention and environmental best practices.

In addition to complying with all applicable environmental laws and regulation, the Company is committed to maintain 'Zero' discharge pattern by installation of Effluent Treatment Plant & Sewage Treatment Plant, installation of Continuous Emission Monitoring System to monitor pollution level, setting up well equipped Environmental Laboratory for Air & Water and practicing hazardous waste & solid waste management.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

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

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

The Company has not received any significant or material order passed by regulators or courts impacting the Company's going concern status or the Company's operations in future.

CHANGE IN NATURE OF BUSINESS, IF ANY.

There are no changes in the nature of business in the financial year 2015-16.

DETAILS OF SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES

No company has become or ceased to be its subsidiary, joint venture or associate company during the financial year ended 31st March, 2016. The Company's policy for determining material subsidiaries is available at www.prakash.com.

PRAKASH INDUSTRIES LIMITED

AMOUNT CARRIED TO ANY RESERVE (IF ANY)

The Company had not carried any amount to any reserve from its Profit & Loss account for the current financial year.

CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE

Corporate Social Responsibility (CSR) has been an integral part of the way we have been doing our business since inception. The Company's initiatives towards fulfilling its philosophy of Corporate Social Responsibility include promoting education facilities, primary health centers, hospitals, sports hub and places of worship, employment opportunity for the local people, recreation facilities and emphasis on plantation etc. We are following the Companies (Corporate Social Responsibility Policy) Rules 2014 & incorporated our work in following areas-

- " Providing clean & safe drinking water facility
- " Promotion of education in all villages nearby our industry
- " Health care & medical camps
- " Environmental awareness- Plantation and water conservation
- " Expenses on social causes

Corporate Social Responsibility and Governance Committee (CSR & G Committee) comprising Dr. S. L. Keswani, as Chairman and Shri K C Mehra, Smt. Purnima Gupta, Shri Vikram Agarwal and Shri Kanha Agarwal as other members has been entrusted with the responsibility of the activities to be undertaken by the Company for monitoring and implementation of the CSR activities under framework of the Corporate Social Responsibility Policy (CSR Policy) of the Company and recommending the amount to be spent on CSR activities to the Board.

The details of CSR activities during the year are given in the Annexure I to this report.

BOARD EVALUATION

The performance of Board, its Committees and Individual Directors was reviewed during the year pursuant to subsection (3)(p) of Section 134 of Companies Act, 2013. Separate meeting of Independent Directors was held during the year to evaluate the performance of other Non- Independent Directors and of the Board as a whole and to review the performance of Committees of the Board. The performance of Board, Individual Directors and Committees was found to be satisfactory during the year 2015-16.

NUMBER OF MEETINGS OF THE BOARD

The details of the Board Meetings and other committee Meetings held during the financial year 2015-16 are stated in the Corporate Governance Report.

DIRECTORS

The Company has received declarations from all the Independent Directors under Section 149 of the Companies Act, 2013 and confirmation that they meet the criteria of independence as prescribed under Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

During the year Shri Pankaj Chaturvedi has resigned from the Board as Independent Director w.e.f. 6th February, 2016 and Shri Kanha Agarwal has been designated and appointed as Joint Managing Director of the Company w.e.f. 6th February, 2016.

The following three persons are the Key Managerial Personnel of the Company as per the provisions of Section 203 of the Companies Act, 2013.

- i) Shri M.L. Pareek, Chief Executive Officer
- ii) Shri P.L. Gupta, Chief Financial Officer
- iii) Shri Ashwini Kumar, Company Secretary

Pursuant to Section 134(3)(q) read with Rule 5 of Companies (appointment and Remuneration of Managerial Personnel) Rules 2014, the Remuneration and other

details of Key Managerial Personnel and other Employees for the year ended 31st March, 2016 are annexed to this report.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Shri P.L. Gupta retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

BOARD COMMITTEES

All Committees of the Board of Directors are constituted and rechristened, wherever needed, in line with the provisions of the Companies Act, 2013 and applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

FIXED DEPOSITS

Company has not accepted any deposits during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Company's Directors make the following statement in terms of sub-section (5) of Section 134 of the Companies Act, 2013, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

- I. The financial statements have been prepared in conformity with the applicable Accounting Standards and requirements of the Companies Act, 2013, ("the Act") to the extent applicable to the Company; on the historical cost convention; as a going concern and on the accrual basis. There are no material departures in the adoption of the applicable Accounting Standards.
- II. The Board of Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- III. The Board of Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Board of Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- V. The Board of Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS & AUDITORS REPORTS

i) Statutory Auditors

M/s Chaturvedi and Partners, Chartered Accountants, were appointed as Auditors of the Company for tenure of three years i.e. from the conclusion of 33rd Annual General Meeting till the conclusion of the 36th Annual General Meeting to be held in the year 2017 of the Company. However, this appointment is subject to ratification by members at every Annual General Meeting held after appointment during their tenure of office. The Auditors' in their Report to the members, have given three qualified opinions and the explanations of Board with respect to it in pursuant to section 134(3) (f) of Companies Act 2013 are as follows:-

Explanations to Point (a) of Independent Auditors' Report

"The net deferred tax liability computed in terms of Accounting standard 22 'Accounting for taxes on Income' amounting to ₹ 38 lakhs has been adjusted against Securities Premium Account. This has been in terms of Hon'ble Punjab & Haryana High Court order dated 23rd August 2007."

Explanations Response to Point (b) of Independent Auditors' Report

The Company has outstanding FCCB of US\$ 60 million, which were due for

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payment on 30th April, 2015. Out of this, FCCB of US\$ 35.7 million have been restructured as per terms accepted by FCCB holders. Balance FCCB of US\$ 24.3 mn have yet to be restructured, as such the Company has not provided any interest on the same as the terms of restructuring are still not settled. For the restructured FCCB of US\$ 35.7 million, the Company has partly paid interest on the same upto 30th September, 2015. The Company has initiated discussions with the bondholders for waiver of the interest payable on these bonds, which is under their active consideration. Accordingly, no provision of interest has been made in the books of accounts on these FCCB towards unpaid interest dues. Had the provision been made, the interest payable would have been higher by ₹1052 lacs. Explanations to Point no. (c) of Independent Auditors' Report

Considering the future profitability and taxable position in the subsequent years, the Company has recognized Minimum Alternate Tax (MAT) credit as an asset by crediting the Profit & Loss Account and including the same under Long term Loans & Advances in accordance with the Guidance note on "Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act 1961" issued by the Institute of Chartered Accountants of India. In case this credit is not utilized within the time limit prescribed under the Income Tax Act, the same will be set off against the surplus in Profit & Loss Account.

Observations other than above made by the Statutory Auditors in their report for the financial year ended 31st March 2016 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

ii) Secretarial Auditor

The Board had appointed M/s S.K.Hota & Associates, Company Secretaries, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith as Annexure II of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

iii) Cost Auditor

The Board had appointed, subject to ratification of the remuneration payable to the cost auditor by the shareholders in the 35th Annual General Meeting, M/s. Rakshit & Associates, Cost and Management Accountants, to conduct the audit of the cost accounting records for financial year 2016-17.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, if any, are given in the notes to the financial statements.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis.

The policy on related party transactions as approved by the Board is uploaded on the Company's website and can be accessed at <http://www.prakash.com/policy-related-party-transactions>. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company.

The details of the related party transactions as required under Section 134(3)(h) r/w Rule 8 (2) of the Companies (Accounts) Rules, 2014 and under Regulation 34(3) & 53(f), Para A of Schedule V of SEBI(LODR) Regulations, 2015 is attached as Annexure III.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has established a Whistle Blower Policy for Directors and employees to report their genuine concern. The details of the Vigil Mechanism and Whistle Blower Policy are available on the website of the Company.

NOMINATION & REMUNERATION POLICY

Your Company has a Nomination & Remuneration Policy, which, inter-alia, lays down the criteria for identifying the persons who are qualified to be appointed as Directors and/or senior management personnel of the Company, along with the criteria for determination of remuneration of Directors, Key Managerial Personnels and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

RISK MANAGEMENT

The Company has established effective risk assessment and minimization procedures, which are reviewed by the Board and Risk Management Committee periodically. The procedures comprise of an in-house exercise on Risk Management, carried out periodically by the Company, including the functioning of a structure to identify and mitigate various risks faced by the Company from time to time.

The structure also comprises of risk identification and assessment by the concerned departments, identification of controls in place/ mitigation process in place, updating of risk registers by various departments, if required.

Your Company, by identifying and proactively addressing risks and opportunities, protects and creates value for stakeholders, including owners, employees, customers, regulators, and society overall.

The Risk Assessment is also discussed in the Management Discussion and Analysis attached to this report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, extract of the Annual Return for the financial year ended 31st March, 2016 made under the provisions of Section 92(3) of the Act is attached as Annexure IV to this report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this Annual Report and is attached as Annexure V

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as Annexure V to this Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual,

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temporary, trainees) are covered under this policy.

Your Directors state that during the year under review, there was no case filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CORPORATE GOVERNANCE

The significance of Corporate Governance has always been recognized by the Company. A separate report on Corporate Governance and Management Discussion and Analysis alongwith a certificate from Statutory Auditors regarding compliance of the conditions of Corporate Governance as stipulated under relevant regulations of SEBI (LODR) Regulations 2015 are attached with this Report as Annexure VI and Annexure VII respectively

INTERNAL AUDIT & INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY

Your Company had appointed a practicing Chartered Accountant firm as Internal Auditor who reports to the Audit Committee of the Board of Directors of the Company, and conducts comprehensive internal audit of functional areas and operations of the Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

The Internal Auditors maintain their independence and objectivity while carrying out assignments. They evaluate on a continuous basis, the adequacy and effectiveness of internal control mechanism. The Auditors also proactively recommend improvement in policies and processes and suggest streamlining of controls against various risks.

Your Company has laid down set of standards, processes and structure, which enables it to implement internal financial control across the Company and ensure that the same are adequate and operating effectively.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As required under Section 134 of the Companies Act, 2013 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, a statement showing the information relating to the Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo is enclosed as Annexure VIII to this report.

ACKNOWLEDGMENTS

The Board places on record, its deep sense of appreciation to all the employees for adopting the values of the Company, viz., collaborative spirit, unrelenting dedication and expert thinking and the Company's customers for letting us deliver the Company's Mission statement, to engineer meaningful technology solutions to help the businesses and societies flourish. The Board also immensely thanks all the shareholders, investors, vendors, service providers, bankers, institutions and all other stakeholders for their continued and consistent support to the Company during the year.

By Order of the Board

Place : New Delhi
Dated : 24th May, 2016

P. L. Gupta	Vikram Agarwal
Whole-time Director	Managing Director
DIN:00048868	DIN:00054125

PRAKASH INDUSTRIES LIMITED

ANNEXURE-I

Annual Report on Corporate Social Responsibility (CSR) Activities (Pursuant to Rule 9 of Companies (Accounts) (Corporate Social Responsibility Policy) Rules, 2014)

A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or programs.

The Company believes in engaging and giving back to the community in a good way and in line with its commitment to philanthropy. It intends to undertake the CSR activities strategically, systematically and more thoughtfully and to move from institutional building to community development through its various CSR programs and projects.

The CSR Committee of the Board approved core areas for identification of projects amongst other programmes like making safe drinking water facility, promotion of education, ensuring environment awareness, promotion of rural sports, Social issues, Vocational Training and Drivers training and taking up Rural Development projects.

1. The Composition of the CSR Committee

- Dr. S.L. Keswani
- Shri K.C. Mehra
- Smt. Purnima Gupta
- Shri Vikram Agarwal
- Shri Kanha Agarwal

2. Average net profit (after tax) of the Company for last three financial years ₹ 11579.67 lacs

3. Prescribed CSR Expenditure (two percent of the amount as in item 2 above) ₹ 231.59 lacs

4. Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year. ₹ 231.59 lacs

(b) Amount unspent, if any; ₹ 76.28 lacs

(c) Manner in which the amount spent during the financial year is detailed below: (₹.in Lacs)

(1) Sl No	(2) CSR Project or Activity identified	(3) Sector in which the Project is covered	(4) Projects or Programs (1) Local Area or others (2) specify the states and district where projects or programmes were undertaken	(5) Amount outlay(Budget) Project or programmewise	(6) Amount spent on Projects or programs	(7) Cumulative expenditure upto the reporting period	(8) Amount Spent direct or through implementing agency
1	Drinking Water Facility	Making available Safe Drinking Water Schedule VII (i)	Champa, Chhatisgarh	0.42	0.42	0.42	Direct, 0.42
2	Training Programme & Promotion of Education	Promoting Education Including Special Education and Employment Enhancing Vocational Skills Schedule VII (ii)	Champa, Chhatisgarh	85.47	85.47	85.47	Direct, 85.47
3	Health Care	Promoting Health Care Schedule VII (i)	Champa, Chhatisgarh	0.15	0.15	0.15	Direct, 0.15
4	Environment Awareness	Ensuring Environment Sustainability Schedule VII (iv)	Champa, Chhatisgarh	23.95	23.95	23.95	Direct, 23.95
5	Rural Development Projects	Rural Development Projects, Schedule VII (x)	Champa, Chhatisgarh	18.43	18.43	18.43	Direct, 18.43
6	Social Causes	Measures for reducing inequalities, Schedule VII (iii)	Champa, Chhatisgarh	22.84	22.84	22.84	Direct, 22.84
7	Promotion of Rural Sports	Promotion of rural sports, Schedule VII(vii)	Raipur, Chhatisgarh	2.25	2.25	2.25	Direct, 2.25
8	Rural Development Projects	Rural Development Projects, Schedule VII (x)	Ram Nagar Raipur, Chhatisgarh	1.80	1.80	1.80	Direct, 1.80
	Total			155.31	155.31	155.31	

5. The Committee decided that during the current year due to following reason, Company is unable to spend the said amount of ₹ 76.28 lacs.

Reason of unspent amount: Subsequent to the de-allocation of Chotia Coal mine which was operational mine with the company, the profitability margins were affected. Further, the global recession in the steel sector particularly in India due to glut of cheap steel imports from China added to the woes of the domestic steel players during major part of the year under review. Due to these exceptional circumstances, Company's margin were impacted and resulted into inadequate net profit in the financial year ended 31st March, 2016.

6. The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the company.

Vikram Agarwal
Managing Director
DIN:00054125

Dr. S.L. Keswani
Chairman-CSR Committee
DIN:00190790

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FORM No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

[Pursuant to section 204(1) of Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

ANNEXURE-II

To,
The Members,
Prakash Industries Limited
15 Km. Stone, Delhi Road, Hissar,
Haryana, India - 125044

We have conducted the secretarial audit of the compliance of, applicable statutory provisions and adherence to good corporate practices by PRAKASH INDUSTRIES LIMITED (L27109HR1980PLC010724) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended 31st March, 2016 complied with the statutory provisions listed hereunder. The Company has proper Board - processes and compliance -mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye- laws Framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of insider Trading) Regulation, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;- Not applicable to the Company during the Audit Period
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;- Not applicable to the Company during the Audit Period
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009:- Not applicable to the Company during the Audit Period

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not applicable to the Company during the Audit Period

vi. Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:

- a) Air (Prevention and Control of Pollution) Act, 1981
- b) Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975
- c) Environment Protection Act, 1986
- d) Factories Act, 1948

For the compliances of Labour Laws & other General Laws our examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations provided by the Company, its officers, and authorised representatives, and to the best of our judgment and understanding of the applicability of the different enactments upon the Company, in our opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

We have also examined compliances with the applicable clauses of Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India and it was noted that the Company has complied with the same as per Secretarial Standards issued by Institute of Company Secretaries of India.

We further report that during the period under review the Company has complied with the Listing Agreement to the extent applicable entered into by the Company with the BSE Limited & National Stock Exchange of India Limited and SEBI (Listing obligations and disclosure requirements) Regulation, 2015 made effective 1st December, 2015.

We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory financial auditor and other designated professionals. Further, the Statutory Auditors have given qualified views on various issues, our report should also be read along with the qualified views, as given by the Statutory Auditors in their report for the financial year 2015-2016.

During the period under review, the Company had complied with the provisions of the Act, rules, regulations, guidelines, standards, etc.

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system

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exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

We further report that during the review period the Company has:

Public/Right/Preferential issue of Shares/Debentures/sweat equity shares - **Nil**;
Redemption/ Buy-Back of securities- **Nil** ;
Major decisions taken by the members in pursuance to section 180(1) (c) of the Companies Act, 2013 - **Nil** ;
Merger/Amalgamation/ Reconstruction, etc. - **Nil** ;
Foreign technical collaboration - **Nil** ;

Appointment of Director/Managing Directors - Company has re-appointed Shri Vikram Agarwal as Managing Director, Shri M.L. Pareek as Whole-time Director designated as Director (Project) and Chief Executive Officer (CEO) and Shri P.L. Gupta, Whole-time Director designated as Director (Finance) and Chief Financial Officer (CFO).

Annexure 1 forms part of this Secretarial Audit for the year 2015-16.

For S. K. HOTA & ASSOCIATES
Company Secretaries

(SUSANTA KUMAR HOTA)
Proprietor

Place: New Delhi
Date: 24.05.2016

ACS No. 16165
C P No. 6425

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

'Annexure A'

To,
The Members,
Prakash Industries Limited

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

- (1) Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- (4) The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of the Management. Our examination was Limited to the verification of procedures on test basis.
- (5) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For S.K. HOTA & ASSOCIATES
Company Secretaries

SUSANTA KUMAR HOTA
Proprietor

Place: New Delhi
Date: 24.05.2016

ACS No. 16165
C P No. 6425