



Prakash Steelage Ltd. 

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

Executive Director

Hemant P. Kanugo

Whole Time Director

Kamal P. Kanugo

Whole Time Director

Dr. Bipin C. Doshi

Non Executive Director

Himanshu J. Thaker

Non Executive Director

Mrinmoy Roy

Non Executive Director

(Upto 28th May, 2012)

Gautam Chand Jain

Non Executive Director

A. Prakashchandra Hegde

Non Executive Director

(From 28th May, 2012)

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Company Secretary & Compliance Officer

Sarika S. Singh

Bankers

Vijaya Bank

ICICI Bank

The Royal Bank of Scotland

Bank of Baroda

Standard Chartered Bank

Statutory Auditors

M/s. Khandelwal Jain & Co.

Chartered Accountants

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

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

Registrar & Transfer Agents

Bigshare Services Pvt. Ltd. E2/3,

Ansa Industrial Estate, Saki Vihar Road,

Sakinaka, Andheri (East),

Mumbai - 400072.

Tel: +91-022-40430200/28470652

Fax : +91-022-28475207

Email: ipo@bigshareonline.com

Website: www.bigshareonline.com

ISIN : E616K01016

Manufacturing Units

SILVASSA : Survey No. 46/1, Parjai Road,

Village: Kherdi, Union Territory of

Dadra & Nagar Haveli, Silvassa - 396 230 (India).

UMBERGAON : Plot No.131/1, Umbergaon -

Sanjan Road, Umbergaon - 396 170,

Dist. Valsad, Gujarat (India).

Notice

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of Prakash Steelage Limited will be held on Tuesday, 14th August, 2012 at 4.00 p.m. at Victoria Memorial School for the Blind, Opp. A. C. Market, Tardeo, Mumbai - 400 034 to transact following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2012, the Statement of Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend on the Equity Shares of the Company.
3. To appoint a Director in place of Mr. Prakash C. Kanugo, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kamal P. Kanugo, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Joint Auditors M/s. Khandelwal Jain & Co (Firm Registration No.105049W), & M/s. D. C. Bothra & Co.(Firm Registration No.112257W), Chartered Accountants, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

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

"RESOLVED THAT Mr. A. Prakashchandra Hegde, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing, proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

Notes

- a) **A member entitled to attend and vote at the 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**

Proxies, in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the commencement of the meeting.

- b) The Register of Members of the Company will remain closed from Thursday, 9th August, 2012 to Tuesday, 14th August, 2012 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared.
- c) The Dividend, if declared will be payable on 20th August, 2012.
- d) 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 8th August, 2012. 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 owner as on that date.
- e) 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 Registrar and Share Transfer Agent of the Company M/s Bigshare Services Private Limited.
- f) The members are requested to send queries, if any, on accounts which should reach the Registered Office of the Company at least seven days before the meeting.
- g) Kindly quote your Ledger Folio Number / Client ID Number in all your future correspondence.
- h) Members are requested to bring their copies of the Annual Reports to the Annual General Meeting of the Company.



- i) Section 109A of the Companies Act, 1956 permits Nomination by the members of the Company in the prescribed form No. 2B. Members are requested to avail this facility.
- j) The Members/proxies should bring the attendance slip duly filled in and signed for attending the meeting.
- k) The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.
- l) Members who wish to claim dividends, which remain unclaimed, are requested to correspond with Registrar and Share Transfer Agents, 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 205A of the Companies Act, 1956 be transferred to the Investor Education and Protection Fund.
- m) Amount in Company's Refund Account as on March 31, 2012 is Rs. 59,400/- as balance yet to be refunded to the applicants/ allottees as they are yet to submit necessary confirmation. As on March 31, 2012 no shares are lying in Unclaimed Shares Demat Suspense Account.
- n) Information required to be furnished under clause 49 IV (G) of the Listing Agreement is given in the Corporate Governance Report which forms part of this Annual Report.

Explanatory Statement Pursuant To Section 173 (2) Of The Companies Act, 1956.

Item No. 6

Mr. A. Prakashchandra Hegde was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 28th May, 2012. Mr. A. Prakashchandra Hegde will hold office as an Additional Director up to the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member proposing the candidature of Mr. A. Prakashchandra Hegde for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Your Directors recommend the ordinary resolution as set out in item no. 6 of the notice for your approval.

None of the Directors of the Company except Mr. A. Prakashchandra Hegde is in anyway, concerned or interested in the said resolution.

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

Place: Mumbai
Date: 28th May, 2012

By Order of the Board

Prakash C. Kanugo
(Chairman & Managing Director)

IMPORTANT COMMUNICATION TO MEMBERS :

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company's Share Transfer Agent, Bigshare Services Pvt. Ltd. Email: babu@bigshareonline.com





Chairman's Letter To The Shareholders

Dear Members,

It gives me immense pleasure to present you the 21st Annual Report for the financial year 2011-12 of our Company. During the year, the Company successfully completed its expansion programme at its Umbergaon plant in Gujarat. After expansion, the present total capacity stands at 19,000 MTPA as against 17,600 MTPA earlier. The Company's topline has grown by 24.8% to touch Rs. 6,796.9 mn in FY12 as against Rs. 5,444.28 mn in FY11.

The economy was under tremendous pressure with GDP growth at 6.5% in FY12. The recent Index of Industrial Production numbers also portray a sad picture. Growth rate slowed down sharply to 0.1% in April 2012 from 5.3% a year ago, due to contraction in capital goods and dip in manufacturing output, reflecting the sluggish state of the economy. (IIP was negative in March 2012, which declined to 3.2%). The performance of the capital goods sector was disappointing, only 12 out of 22 major industrial groups showed positive growth. The capital goods output, declined by 16.3% as against a growth of 6.6% in the same month last year. Mining output also contracted by 3.1% in April 2012, as against growth of 1.6% in the same month a year ago.

The pressure in the economy affected our profitability as well. EBIDTA witnessed a decrease of 5.19% to Rs. 521 mn in FY12. Higher interest payment and forex losses led to decline in Profit after Tax by 31.9% to Rs. 169.4 mn in FY12.

Fighting against all odds, your Company has emerged as one of the leading manufacturers of stainless steel welded, seamless pipes and tubes. Your support has helped the Company to earn a pre eminent position in manufacturing high grade stainless steel products in India. It will be our constant effort to strive for greater heights with our strong base in the stainless steel pipes sector. Our consistent endeavor to take care of all the stakeholders has resulted in trust and faith for the Company.

We truly believe, we would achieve good business and financial performance by posting good profits in FY13. I would be failing in my duties if I do not acknowledge the support, cooperation and valuable guidance provided to me by the Board members. I thank you all for your support and reposing faith and confidence in us.

Prakash C. Kanugo
(Chairman & Managing Director)



Directors' Report

To the Members of
Prakash Steelage Limited

Your Directors take pleasure in presenting the 21st Annual Report of your Company, together with the Audited Statement of Accounts for the financial year ended 31st March, 2012.

Financial Highlights

The financial performance of the Company, for the year ended March 31, 2012 is summarized below:

Particulars	(Rs. in Lacs)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
Income from Operations	68380.44	54630.25
Profit before Depreciation and Tax	3337.03	4179.32
Depreciation	651.38	448.34
Profit before Tax	2685.65	3730.98
Taxation	991.19	1242.49
Profit after Taxes	1694.46	2488.48
Balance brought forward	4096.07	2310.97
Amount available for appropriation	5790.53	4799.46
Proposed Dividend & Tax on Dividend	203.39	203.39
Transfer to General Reserves	500.00	500.00
Balance Transferred to Balance Sheet	5087.14	4096.07

Financial Performance

The income from operations for the year has increased to Rs 68380.44 Lacs as compared to Rs. 54630.25 Lacs of previous year reflecting a growth of 25.17%. The profit before tax Rs. 2685.65 Lacs as against Rs. 3730.98 Lacs in the previous year reflecting a decrease of Profit by 28.02%. The Net Profit after Tax also decreased by 31.91 % at Rs. 1694.46 Lacs as compared to Rs. 2488.48 Lacs during previous year. The reduction in the profit as compared to previous year is mainly due to constant diminution in the value of the Rupees against foreign Exchange.


Dividend

The Board has subject to the approval of members at the ensuing Annual General Meeting, recommended a dividend of Re. 1.00 (Previous Year Re. 1.00) per Equity Share on 1,75,00,039 Equity Shares of Rs.10/- each, for the financial year ended 31st March, 2012 amounting to Rs.1,75,00,039/- and tax thereon of Rs. 28,38,944/-.

Transfer to Reserves

The Company proposes to transfer Rs. 500.00 Lacs (Previous year Rs. 500.00 Lacs) to the General Reserve and an amount of Rs. 5087.14 Lacs (Previous year Rs. 4096.07 Lacs) to be carried to balance sheet out of the amount available for appropriation.

Credit Rating

CRISIL has revised its rating outlook on the long-term bank facility of the Company to 'Positive' from 'Stable', while reaffirming the rating at 'CRISIL BBB' the rating on the short-term facility has been reaffirmed at 'CRISIL A3+'. 

The ratings reflect the Company's healthy financial risk profile marked by healthy net worth and moderate gearing and debt protection metrics, 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 foreign exchange rates.

The Projects

The expansion Project of the Company at Umbergaon has been completed resulting in increased capacity to 19000 MTPA.

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.

Directors

In terms of Article 150 of Article of Association of the Company Mr. Prakash C. Kanugo, is liable to retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. In terms of Article 150 of Article of Association of the Company Mr. Kamal P. Kanugo, is liable to retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

Mr. A. Prakashchandra Hegde was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on 28th May, 2012 and he holds office as an Additional Director up to the date of the ensuing Annual General Meeting. Your Company has received a notice in writing from a member proposing the candidature of Mr. A. Prakashchandra Hegde for the office of the Director of the Company, liable to retire by rotation, under the provisions of Section 257 of the Companies Act, 1956.

Mr. Mrinmoy Roy has resigned from the post of Independent Director of the Company with effect from 28th May 2012.

Your Directors recommend the above-mentioned appointment and re-appointments. Particulars and Brief Resume of Directors to be appointed / reappointed are included in the Corporate Governance Report forming part of this Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures, if any;
2. They have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have 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;
3. They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. They have prepared the annual accounts on a going concern basis.

Audit Committee

In terms of Section 292A of the Companies Act, 1956 and read with Clause 49 of the Listing Agreements with the Stock Exchanges, the Board has constituted Audit Committee of Board of Directors. The Committee consists of two Non Executive Independent Directors and one Executive Director, as a practice of good corporate governance. Now Audit Committee has been reconstituted by induction of Mr. A. Prakashchandra Hegde as a member of the committee on 28th May, 2012



Auditors

The Joint Statutory Auditors M/s. Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s. D. C. Bothra & Co., Chartered Accountants, Mumbai, retire at the conclusion of ensuing Annual General Meeting and have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provision of Section 224(1B) of the Act.

Your Directors recommend their reappointment.

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 Annexure to the Directors' Report.

For details in respect of the Foreign Exchange Earnings and Outgo, refer to Notes on Accounts, note no 19 (h) & 19 (i) in part II under Schedule 'P'.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review is presented in a separate section of this Annual Report.

Corporate Governance

Your Company has complied with the requirements of clause 49 of the Listing Agreements with the Stock Exchanges, a report on Corporate Governance practices, the Company Secretary certificate on compliance of the Mandatory requirement thereon and Management Discussion and Analysis are given as annexure to 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 is no employee in receipt of prescribed remuneration.

Human Resources

Your Company enjoys cordial relations with its employees. The key focus of your Company is to attract, retain and develop talent. 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.

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 commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

Place : Mumbai

Date : 28th May, 2012

For and on behalf of the Board

Prakash C. Kanugo
Chairman & Managing Director



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 March 31, 2012	Previous Year March 31, 2011
A) Power & Fuel Consumption		
a) Purchase Unit	51,62,022	45,29,220
b) Total Amount (Rs.)	2,76,01,720	2,15,48,270
c) Rate Per Unit (Approx.) (Rs.)	5.35	4.8
B) Own Consumption		
a) Through Diesel Generator (Unit)	1,57,294	138,971
b) Through Steam Turbine	NIL	NIL
C) L.P.G. Consumption		
Gas Cylinders (kgs.)	2,00,688	3,10,357
Total Cost (Rs.)	1,24,35,836	1,41,11,616
Average rate (Rs.)	61.97	45.5
D) Furnace Oil (LDO)		
Quantity (In Ltrs.)	NIL	1,73,039
Total Cost (Rs.)	NIL	6964820
Average rate (Rs.)	NIL	40.3
E) Consumption of Coal		
Quantity (In Kgs.)	16,42,537	20,11,657
Total Cost (Rs.)	1,02,31,257	1,10,64,114
Average rate (Rs.)	6.23	5.5
F) CNG Consumption		
Quantity (In Kgs.)	4,30,621	NIL
Total Cost (Rs.)	1,54,92,596	NIL
Average rate (Rs.)	35.98	NIL