

## ANNEXURE I

### Statement on Impact of Audit Qualifications

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2021. [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b>				
I.	Sr. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs In lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs In lakhs)
	1.	Turnover /Total income	2,537.71	2,537.71
	2.	Total Expenditure	2,799.53	2,799.53
	3.	Net Profit/(Loss) before Exceptional Item and Tax	(261.82)	(261.82)
	4.	Earnings Per Share	2.90	2.90
	5.	Total Assets	2,984.83	2,984.83
	6.	Total Liabilities	2,984.83	2,984.83
	7.	Net Worth	(21,767.25)	(21,767.25)
	8.	Any other financial item(s) (as felt appropriate by the management) Exceptional items	4736.94	4736.94
II.	<b><u>Audit Qualification:</u></b>  <b>A. Details of Audit Qualification:</b> The account of the company with its Consortium Banks has turned Non-Performing Asset on various dates in the previous Financial Years. In view of uncertainty, the company has not provided interest including penal interest and other dues for the year ended March, 2021 on its borrowings, to the extent the same have remained unpaid. The impact of the same on the loss for the year and its consequent effect on the Liabilities and Reserve and Surplus is not ascertainable.  <b>B. Type of Audit Qualification :</b> Qualified Opinion  <b>C. Frequency of qualification:</b> Appeared Fifth time  <b>D. Management's View:</b> Due to adverse condition in steel industries on account of drastic fall in the prices of steel the Company has been suffering losses since couple of years which is impacting the net worth of the Company. Loan account had been classified as NPA by the consortium of the banks and Company is not generating revenue to service the loans. Hence in view of uncertainty the Company has not provided interest including penal interest and other dues for the year on borrowings, to the extent the same have remained unpaid.			

III.

**Audit Qualification:**

- A. **Details of Audit Qualification:** The Company has accumulated losses resulting in erosion of Net worth. These conditions may cast doubt about the company's ability to continue as a going concern. However, the statement of audited financial results of the Company has been prepared on a going concern basis.
- B. **Type of Audit Qualification :** Qualified Opinion
- C. **Frequency of qualification:** Appeared Fifth time
- D. **Management's View:** The erosion of net worth of the Company should not be constituted as doubt on the continuity of the Company as going concern. The steel industries in on the revival path. The Company is in the process of coming out of the crisis through business restructuring and financial arrangement. Further, three lenders have sanctioned One Time Settlement (OTS) for an overall amount of INR 90.00 Crores, subject to the conditions of timely payment of the agreed OTS amount and other standard terms as mentioned in the OTS sanction letters. Company has already paid INR 50,61,54,142 to the lenders against the above OTS sanction on 31st March, 2021.

**Signatories:**

- CEO/Managing Director



- CFO



- Audit Committee Chairman



- Statutory Auditor



Place: Mumbai

Date: 25<sup>th</sup> June, 2021



**PRAKASH STEELAGE LIMITED**



# **30<sup>TH</sup> ANNUAL REPORT 2020 – 21**

**Manufacturers & Exporters of Stainless Steel Welded Pipes & Tubes**



## Board of Directors

### Prakash C. Kanugo

Chairman & Managing Director

### Ashok M. Seth

Executive Director & CFO

### Hemant P. Kanugo

Executive Director

### A. Prakashchandra Hegde

Independent Director

### Himanshu J. Thaker

Independent Director

### Neetta K. Bokaria

Independent Director

## Company Secretary & Compliance Officer

### Leela S. Bisht

(upto 31<sup>st</sup> March, 2021)

### Smita Singh

(Appointed w.e.f. 9<sup>th</sup> April, 2021)

## Bankers

Bank of Baroda

Bank of India

Union Bank of India

## Statutory Auditors

M/s. Pipara & Co. LLP

Chartered Accountants

## Secretarial Auditors

M/s. S. Anantha & Ved LLP

Company Secretaries

## Internal Auditors

M/s. Luniya & Co.

Chartered Accountants

## Registered Office

101, 1<sup>st</sup> Floor, Shatrunjay Apartment,  
28, Sindhi Lane, Nanubhai Desai Road,  
Mumbai - 400 004.

Tel. : 022 66134500

Fax : 022 66134599

Email : [investorgrievances@prakashsteelage.com](mailto:investorgrievances@prakashsteelage.com)

Website : [www.prakashsteelage.com](http://www.prakashsteelage.com)

## Corporate Identification Number

L27106MH1991PLC061595

## Registrar & Share Transfer Agents

Bigshare Services Private Limited

1<sup>st</sup> Floor, Bharat Tin Works Bldg.,

Opp. Vasant Oasis, Makwana Road, Marol,  
Andheri (East), Mumbai-400 059.

Tel. : +91-022-62638204

Fax : +91-022-62638299

Email : [ujata@bigshareonline.com](mailto:ujata@bigshareonline.com)

Website : [www.bigshareonline.com](http://www.bigshareonline.com)

## Manufacturing Unit

Survey No. 46/1, Parjai Road,

Village : Kherdi, Silvassa - 396 230,

Union Territory Dadra & Nagar Haveli (India)



<b>Contents</b>	<b>Page No.</b>
1. Notice of 30th Annual General Meeting	2
2. Letter from Chairman	17
2. Board's Report	18
3. Annexures to Board's Report	29
4. Management Discussion & Analysis Report	43
5. Corporate Governance Report	46
6. Auditor's Report (Standalone)	70
7. Financial Statements	82



## NOTICE of 30<sup>th</sup> ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **30<sup>th</sup> (Thirtieth)** Annual General Meeting (“AGM”) of the Members of **Prakash Steelage Limited** (the company) will be held on Tuesday, **28<sup>th</sup> September, 2021 at 3.00 p.m.** through Video Conferencing (‘VC’)/Other Audio-Visual Means (‘OAVM’), to transact the following business:

### ORDINARY BUSINESS :

#### Item No. 1: Adoption of Financial Statements:

To receive consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2021, along with the Reports of the Board of Directors and Auditors thereon.

To consider and if deemed fit, to give assent or dissent to the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** the Audited Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March 2021 along with the reports of the Board of Directors and Auditors thereon be and are hereby considered and adopted.”

#### Item No. 2: Re-appointment of Mr. Prakash C. Kanugo (DIN: 00286366) as a Director liable to retire by rotation:

To appoint a Director in place of Mr. Prakash C. Kanugo (DIN: 00286366), who retires by rotation and being eligible, offers himself for re-appointment.

To consider and if deemed fit, to give assent or dissent to the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions if any, under the Companies Act, 2013 and the rules made thereunder, Mr. Prakash C. Kanugo (DIN: 00286366), who retires by rotation at this meeting and being eligible, has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

### SPECIAL BUSINESS :

#### Item No. 3 : Ratification / Approval of Related Party Transactions during Financial Year 2019-20:

To consider and, if thought fit, to give assent or dissent to the following resolution proposed to be passed as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board & its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and in terms of Regulation 23 of the SEBI (LODR), consent of the members of the Company be and is hereby accorded to ratify and approve the following contracts and/or arrangements entered into by the Company with the following related parties during the Financial Year 2019-20 viz.

Name of the Related Party	Relationship	Nature of Contract and Value not exceeding of (Rupees)
Seth Iron & Steel Private Limited	Enterprise over which directors and/or their relatives has significant influence	Purchase Rs. 6,85,44,803/-

**RESOLVED FURTHER THAT** the transactions entered with the above Related Parties for the aggregate value exceeding 10% of the total turnover of the Company during the Financial Year 2019-20, due to reduction in the Turnover consequent to Covid-19 Pandemic crisis be and are hereby ratified and approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise and to do all such acts, deeds, things, as may be deemed necessary, proper and desirable and to finalise any





documents and writings related thereto to give effect to this resolution”.

#### Item No. 4: Approval of Related Party Transactions :

To consider and, if thought fit, to give assent or dissent to the following resolution proposed to be passed as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Meetings of Board & its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and in terms of Regulation 23 of the SEBI (LODR), consent of the members of the Company be and is hereby accorded to approve the following contracts and/or arrangements entered into/proposed to be entered into by the Company with the following related parties w.e.f. 01<sup>st</sup> October, 2021 to 31<sup>st</sup> March, 2026 viz.

Name of the Related Party	Relationship	Nature of Contract and Value not exceeding of (Rupees) per annum
Seth Iron and Steel Private Limited	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
Seth Steelage Private Limited	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
Prakash Stainless Pvt. Ltd.	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
AMS Trading & Tech Steel & Metal Cluster Private Limited	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
Prakash Integrated High Tech Steel & Metal Cluster Private Limited	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
Sunrise Metal Industries	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
Sun International Inc.	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
V. K. International	Enterprises over which any of director/relative of director can exercise control or significance influence	i) Purchase of materials - Rs. 10 Crore ii) Sale of materials - Rs. 10 Crore
Mr. Prakash C. Kanugo	Chairman & Managing Director / Promoter	Lease of property/(ies) Rs. 5 Lakh
Mrs. Babita P. Kanugo	Wife of Mr. Prakash C. Kanugo	Lease of property/(ies) Rs. 20 Lakh
Mrs. Neha Kamal Kanugo	Daughter-in-law of Mr. Prakash C. Kanugo	Lease of property/(ies) Rs. 10 Lakh



**RESOLVED FURTHER THAT** the Board be and is hereby authorised to settle any question, difficulty or doubt that may arise and to do all such acts, deeds, things, as may be deemed necessary, proper and desirable and to finalise any documents and writings related thereto to give effect to this resolution".

**For and on Behalf of the Board of Directors  
Prakash Steelage Limited**

**Date : 12<sup>th</sup> August, 2021  
Place : Mumbai**

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





## NOTES

### 1. **Explanatory Statement under Section 102 of the Companies Act (“the Act”):**

An Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the Special Business to be transacted under Item No. 3 and 4 of the Notice is annexed hereto.

### 2. **General Meeting through Video Conferencing or other audio visual means (OVAM):**

In view of the global outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to 'Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM) read with General Circular No. 14/2020 dated April 8, 2020 and the General Circular No. 17/2020 dated April 13, 2020 in relation to 'Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19' (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India ('SEBI') vide its circular dated May 12, 2020 in relation to 'Additional relaxation in relation to compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – COVID-19 pandemic' ('SEBI Circular') permitted the holding of the AGM through VC or OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, SEBI Listing Regulations and MCA Circulars & SEBI Circular, the 30<sup>th</sup> Annual General Meeting of the Company is being held through VC/OAVM on Tuesday, 28<sup>th</sup> day of September, 2021 at 03.00 p.m. (IST). The deemed venue for the AGM shall be the Registered Office of the Company.

### 3. **Closure of Register of Members and Share Transfer Books:**

The Register of Members of the Company and Share Transfer Books shall remain closed from Wednesday, September 22, 2021 to Tuesday, September 28, 2021 (both days inclusive).

### 4. **Appointment of Proxy:**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT PROXY/ PROXIES TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PROXY FORM IS SENT HERewith. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS AND SEBI CIRCULAR THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE THE PROXY FORM, ROUTE MAP AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.**

### 5. **Authorised Representative:**

Institutional/Corporate members (i.e. other than individuals/HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to gains108@yahoo.com with a copy marked to helpdesk.evoting@cdslindia.com.

### 6. **A brief Resume of Director as per Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India:**

The relevant details as required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India of the person seeking re-appointment as Director under Item No. 2 of the Notice, is also annexed herewith as 'Annexure–A'.



## **7. Electronic Copy of Annual Report and Notice of Annual General Meeting:**

In line with the MCA Circular dated May 5, 2020 and SEBI Circular dated May 12, 2020, the Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. The Notice convening the 30<sup>th</sup> AGM has been uploaded on the website of the Company at [www.prakashsteelage.com](http://www.prakashsteelage.com) and may also be accessed from the relevant section of the websites of the Stock Exchanges i.e. BSE Limited and the National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice is also available on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the Annual General Meeting).

The Members can join the Annual General Meeting in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the Annual General Meeting through VC/OAVM will be made available to at least 1000 Members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. who are allowed to attend the Annual General Meeting without restriction on the account of first come first served basis.

Members attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.

Since the AGM will be held through VC/ OAVM and there is no physical venue of the AGM, the route map of the venue of the AGM is not annexed hereto.

Pursuant to Section 113 of the Act, Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM, by e-mail before e-voting / attending AGM, to [cs@prakashsteelage.com](mailto:cs@prakashsteelage.com).

For receiving all communication (including Annual Report) from the Company electronically, Members are requested to register / update their email addresses with the relevant Depository Participant.

In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

Members are requested to intimate immediately the change of address or demise of any Member, if any, to the Company's Registrar and Transfer Agents to prevent frauds.

## **8. Change(s)/Modification(s) in personal information:**

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, 1<sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartment, Makwana Road, Marol, Andheri (East), Mumbai – 400 059.**

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.

## **9. Inspection of Register and Documents:**

The Registers required to be maintained under the Companies Act, 2013 including the Register of Directors and Key Managerial Personnel and their Shareholding in the Company under Section 170 of the Companies Act, 2013 and the