



PIL

# ANNUAL REPORT 2019 - 2020

Think **Ahead** to **Stay** Ahead



## 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 Y. N. Chugh	Independent Director
Shri M. R. Agarwal	Independent Director
Smt. Purnima Gupta	Independent Director
Shri Sunil Kumar	Independent Director
Dr. S.C. Gosain	Independent Director

## **Company Secretary**

Shri Ashwini Kumar

## **Statutory Auditors**

Chaturvedi & Co.  
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)

Koira, Distt. Koenjhar (Odisha)

Sirkaguttu (Odisha)

Muppandal (Tamil Nadu)

## **Website**

[www.prakash.com](http://www.prakash.com)

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 39<sup>th</sup> Annual Report on the business & operations of the Company together with the Audited Statement of Financial Accounts for the year ended 31<sup>st</sup> March, 2020.

### FINANCIAL RESULTS

		(₹ in Crores)
	<b>For the year ended 31st March, 2020</b>	For the year ended 31 <sup>st</sup> March, 2019
Net Sales	<b>2973.64</b>	3587.51
Other Income	<b>6.95</b>	7.57
Total Income	<b>2980.59</b>	3595.08
EBITDA	<b>355.80</b>	793.65
Depreciation	<b>144.87</b>	133.98
Financial Expenses	<b>92.74</b>	100.53
Profit before exceptional item and tax	<b>118.19</b>	559.14
Exceptional Items	24	389.05
Less: Transferred from		
General Reserve	(24)	- (382.56)
Provision for Taxes	-	13.43
Profit after tax	<b>118.19</b>	539.22
Other Comprehensive Income	<b>(4.14)</b>	(4.09)
Total Comprehensive Income	<b>114.05</b>	535.13

### PERFORMANCE

During the year under review, the Company achieved Net Sales of ₹ 2974 crores as against ₹ 3588 crores in the previous year. The EBITDA for the year was ₹ 356 crores in comparison to ₹ 794 crores in the previous year. After providing for interest, depreciation and tax, the profit after tax of the Company was ₹ 114 crores as against ₹ 535 crores in the previous year, which resulted in EPS of ₹ 6.97 in the current year as against ₹ 33.41 in the previous year.

### OPERATIONAL REVIEW

The performance of the Company remained stable during the year under review. The new Sponge Iron Rotary kiln having capacity of 2 lacs tonnes per annum alongwith 15 MW power co-generation plant, started commercial production during the year under review as a consequent of which, the Sponge Iron division achieved its highest ever production volume during the year, up by around 10% over FY2019. With the commissioning of this kiln, the Company is now self reliant with respect to its requirement of sponge iron for steel making. The Company also expanded its capacity in Steel Melting Shop by commissioning 4 nos. new energy efficient Induction Furnaces during the year. The enhanced capacity now stands at 1.176 million tonnes per annum. The

performance of the Company in the fourth quarter was impacted by the emergence of Covid-19 pandemic and the nation wide lockdown announced by the Government of India. The Company had to completely suspend its manufacturing operations in the later part of March, 2020. However with gradual lifting of restrictions, the Company recommenced its operations in the last week of April, 2020 and has gradually ramped up the capacity utilisations of the plant to pre Covid levels. Further, the Company has commenced the mining operations at its Captive Iron Ore Mine at Sirkaguttu in the State of Odisha and commercial extraction of the Iron Ore has started during the fourth quarter of the financial year. As regards Coal, during the year, the Company further secured additional long-term Coal linkage of 1.69 lacs MT per annum from Coal India Limited for its newly installed 6<sup>th</sup> Sponge Iron Rotary Kiln. The total Coal linkage as of now stands at 17.04 lacs tonnes per annum.

### FUTURE PROSPECTS

After emerging as the world's second largest steel producer in the year 2019, the Indian steel industry severely suffered in the last quarter of the financial year 2020 on account of the outbreak of the COVID-19 pandemic, which has adversely affected almost all the sectors globally. To support the economy, the Government of India has already unleashed policy stimulus equivalent to INR 20 trillion. It is expected that by the end of the current year, the Indian economy would be back on track.

In the current challenging scenario, your Company foresees a good opportunity for growth in its core area of operations owing to strong manufacturing base, developed infrastructure, sufficient land bank, environmental clearances, strong financials and long term raw material tie ups.

### DIVIDEND

After careful assessment of the available profit during the financial year ended 31<sup>st</sup> March, 2020, your Directors have not recommended any dividend for the financial year ended 31<sup>st</sup> March, 2020.

### ENVIRONMENT

Since inception, the Company has striven to embed environmental considerations in business decisions & continuous focus on its approach by their Environmental Management System, which conforms to ISO:14001. Environmental Management System is a structured and systematic process for achieving continuous improvement in environmental performance & provide an effective Environment to organizations deriving the benefits of environmental positioning and public goodwill.

The Company integrates the consideration of environmental concerns and impacts into all of our decision making and activities by promoting environmental awareness among our employees and encourage them to work in an environmentally responsible manner & communicate our environmental commitment to clients, customers, the public

## **PRAKASH INDUSTRIES LIMITED**

and encourage them to support it. It also strives to continually improve its environmental performance by minimizing the social impact and damage of activities by periodically reviewing the environmental policy in light of its current and planned future activities.

The Company stands way ahead of its peers for its management of natural resources, energy management, carbon emissions reduction, conservation of water resources and biodiversity, and management of waste and committed to providing a quality service in a manner that ensures a safe and healthy workplace for our employees and minimizing our potential impact on the environment. The Company operate in compliance with all relevant environmental legislation and we will strive to use pollution prevention and environmental best practices.

In addition to complying with all applicable environmental laws and regulations, the Company is committed to:

- Set up well equipped Environmental Laboratory for Air & Water.
- Online environmental monitoring of all environmental parameters by installation of online Ambient Air Monitoring Station (AAQMS), Continuous Emission Monitoring System (CEMS) & online Effluent Quality Monitoring System (EQMS)
- Proper management of Hazardous waste & solid waste.
- Maintain 'Zero' discharge pattern by installation of Effluent Treatment Plant & Sewage Treatment Plant.
- Regular compliance of environmental rules & regulation.
- Maintain open channels of communication with customers, employees, government agencies, public officials, the media and the public to meet their information needs in regard to energy, environmental and sustainability issues.

### **SAFETY**

The Company is committed to ensure the safety of all its employees, contractors and others connected with its operations, through its "Zero Accident" policy. The Company has substantially reduced the number of on-site injuries with its strong emphasis on improving health and safety parameters, reducing risks through people engagement, capability building, and strengthening health and safety management systems and processes.

The Company gives a lot of emphasis on inculcating safety in the lives of its employees. Each employee, including contractors are provided safety training regularly. Events such as safety slogan competitions, quiz and safety poster competitions etc. are also organized which have helped in creating awareness among employees. Safety is an ongoing endeavor and we are determined to raise the bar day by day as ISO: 45001 standard.

The Company follows health and safety program at operations site and provides people with safety shoes, helmet, visibility vest, safety glasses/goggles, gloves; etc. as required by the nature of work.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

As a result of the Covid-19 pandemic and the nation wide lockdown, the plant operations of the Company remained suspended till the third week of April, 2020. However in the fourth week of April, 2020, the operations were recommenced and the Company is now operating at optimum capacity utilization as of now. Apart from this, 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.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

During the period under review there were no significant and material orders passed by the Regulators/Courts or Tribunals impacting the going concern status of the Company and its operations in future.

### **CHANGE IN NATURE OF BUSINESS, IF ANY.**

During the year under review there is no change in nature of business of the Company.

### **DETAILS OF SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company's policy for determining material subsidiaries is available at [www.prakash.com](http://www.prakash.com).

### **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**

The Company is following the Companies (Corporate Social Responsibility Policy) Rules 2014 & the Corporate Social Responsibility (CSR) has been an integral part of the way the Company 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 to the local people, recreation facilities and emphasis on plantation etc. We are incorporating our work in following areas -

- Water resource management.
- Promotion of education in all villages nearby our industry.
- Health care & medical camps.
- Woman's empowerment.
- Infrastructure development
- Environmental awareness- Plantation and water conservation.
- Expenses on social causes.
- Training to rural sports, nationally recognized sports
- Promotion and development of traditional arts

## PRAKASH INDUSTRIES LIMITED

A Board level Committee of CSR has been constituted. The details of membership of the Committee & the meetings held are detailed in the Corporate Governance Report, forming part of this Report. The Corporate Social Responsibility Policy is available on the website of the Company at the link [http://prakash.com/pdfs/ CSR\\_Policy.pdf](http://prakash.com/pdfs/CSR_Policy.pdf)

The Annual Report on Corporate Social Responsibility activities is annexed to this report as Annexure 1.

### BOARD EVALUATION

During the year, the annual evaluation of the performance of the Board, its Committees and of individual Directors has been made under the provisions of the Companies Act 2013, relevant Rules and the Corporate Governance requirements as prescribed under Regulation 17 of Listing Regulations, 2015 and the circular issued by SEBI with respect to Guidance Note on Board Evaluation from time to time.

In a separate meeting of Independent Directors, performance of Non Independent Directors and performance of the Board as a whole was evaluated. Further, they also evaluated the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-executive Directors.

### NUMBER OF MEETINGS OF THE BOARD

The details of the Board Meetings and other Committee Meetings held during the financial year 2019-20 are given in the separate section of Corporate Governance Report.

### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declaration from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of Regulation 25(7) of the Listing Regulations, 2015, the Company has put in place a Familiarization Programme for the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The following 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

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.

Shri Sunil Kumar resigned as Independent Director with effect from 10<sup>th</sup> November, 2019.

Shri Sunil Kumar has joined as an Independent Director of the Company with effect from 4<sup>th</sup> February, 2020.

Further, the Board of Directors has reappointed Shri Ved Prakash Agarwal as Chairman of the Company for the term of 3 (Three) consecutive years on the Board of the Company with effect from 1<sup>st</sup> April, 2020.

### BOARD COMMITTEES

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

### DEPOSITS

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

### TRANSFERS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to applicable provisions of the Companies Act, 2013 ("Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF" or "Fund") established by the Central Government, after completion of seven years from the date of dividend becoming unpaid / unclaimed. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more, shall also be transferred to the demat account created by the IEPF Authority.

The Company had sent individual notices and also advertised in the newspapers seeking action from the members who have not claimed their dividends for seven consecutive years or more. Accordingly, the Company has transferred such unpaid or unclaimed dividends and corresponding shares to IEPF, up to the financial year ended 31<sup>st</sup> March, 2012.

Members/claimants whose shares and/or unclaimed dividend, have been transferred to the IEPF Demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF authority in Form IEPF-5 (available on <http://www.iepf.gov.in>) along with requisite fee as decided by the IEPF authority from time to time.

Details of shares/members in respect of which dividend has not been claimed, are provided on our website at [www.prakash.com](http://www.prakash.com). The members are encouraged to verify their records and claim their dividends of all the earlier seven years, if not claimed.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013 (Act), the Board of Directors, to the best of their knowledge and ability, confirm that:

- I. in the preparation of the annual accounts, the applicable standards have been followed and there are no material departures,

## PRAKASH INDUSTRIES LIMITED

- 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 period,
- III. they 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. they have prepared the accounts on a going concern basis,
- V. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- VI. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### STANDALONE ACCOUNTS

The Standalone financial statements for the year ended 31<sup>st</sup> March, 2020 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at 31<sup>st</sup> March, 2020 and for the previous year ended 31<sup>st</sup> March, 2019.

### AUDITORS & AUDITORS REPORTS

#### i) Statutory Auditors

The Company's Auditors, M/s Chaturvedi & Co., Chartered Accountants, (FRN:302137E), were appointed as the Statutory Auditors of the Company for a term of five years at the 35<sup>th</sup> Annual General Meeting of the Company, upto the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company to be held in 2021. The Ministry of Corporate Affairs vide notification dated 7<sup>th</sup> May, 2018 has obliterated the requirement of seeking Members' ratification at every AGM on appointment of Statutory Auditors during their tenure of five years.

The Auditors in their Report to the members, have given two qualified opinions and the explanations of Board with respect to it in pursuant to section 134(3)(f) of Companies Act 2013 is as follows:

Explanations to note on Basis for Qualified opinion of Independent Auditors Report

- a) The expenditure amounting to ₹ 2400 Lakhs being amount paid/payable pursuant to a settlement of claim through mediation in court, has been written off by withdrawing an equivalent amount from General Reserve as the claim pertains to an earlier year.
- b) The net deferred tax liability computed in terms of Ind AS-12 "Income Tax" amounting to ₹ 5326 Lakhs has been adjusted against Securities Premium Account. This has been in terms of Hon'ble Punjab & Haryana High Court order dated 23<sup>rd</sup> August, 2007. The

Company has utilized Minimum Alternate Tax (MAT) credit amounting to ₹ 4078 Lakhs to settle the Income Tax liabilities of the previous financial year, set off against the retained earnings.

#### ii) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Shri Pradip Kumar Muduli, Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Reports are annexed herewith as Annexure 2 in prescribed format MR-3 as per Companies Act, 2013 and as Annexure 2A as per prescribed format under SEBI Listing Regulations. The Secretarial Auditor has given observation as mentioned in his report.

#### iii) Cost Auditors

Pursuant to Section 148(1) of the Companies Act, 2013 Company is required to maintain cost records as specified by the Central Government and accordingly such accounts and records are made and maintained.

Accordingly the Board of Directors in its meeting held on 27<sup>th</sup> June, 2020 has appointed M/s. Rakshit & Associates, (FRN : 101951) Cost & Management Accountants, on the recommendation of the Audit Committee, for auditing the cost records of the Company for the Financial Year 2020-21. Appropriate resolution seeking your ratification of the remuneration of Cost Auditors, is included in the Notice convening the 39<sup>th</sup> AGM of the Company.

### CHANGES IN CAPITAL STRUCTURE

During the financial year 2019-20, the Company had allotted 7917023 Equity Shares fully paid-up of the face value of ₹ 10 per share at a premium of ₹ 200.18 per share on conversion of convertible equity warrants. Accordingly, the paid-up Equity Share Capital of the Company increased from ₹ 163.55 crores to ₹ 171.26 crores.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of loans, guarantees, investments made and securities provided by the Company pursuant to Section 186 of the Companies Act, 2013, if any, are given in the notes to the financial statements, which form part of the Annual Report.

### RELATED PARTY TRANSACTIONS [RPT]

All the Related Party Transactions entered during the year were in the ordinary course of business and on arm's length basis and in compliance with the applicable provisions of the Companies Act, 2013 and Listing Regulations. There are no materially significant related party transactions made by the Company with its Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the Company at large. All the related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature.



# **PRAKASH INDUSTRIES LIMITED**

A statement of all related party transactions is presented before the Audit Committee on quarterly basis, specifying the terms & conditions of the transactions.

The Policy on materiality of related party transactions and dealing with related party transactions are available on the Company's website at the link at <http://www.prakash.com/policy-related-party-transactions>.

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 3.

## **VIGIL MECHANISM AND WHISTLE BLOWER POLICY**

In order to provide a mechanism to all stakeholders of the Company to disclose any unethical and improper practices or any other alleged wrongful conduct in the Company, the Company has laid down a Vigil Mechanism also known as Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Vigil Mechanism and Whistle Blower Policy are available on the website of the Company.

## **NOMINATION AND REMUNERATION POLICY**

The Company has a Nomination and Remuneration Committee of Directors, members of said Committee are Non-Executive Directors and Independent Directors. The Committee met once during the year. Details of the role and responsibilities of the Committee, the particulars of meeting(s) held and attendance of the Members at such meeting(s) are given in the Corporate Governance Report.

The Board has framed a Nomination and Remuneration policy which is available on the Company website at the link <http://www.prakash.com/policies>.

## **RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company has set up a Risk Management Committee. Risk Assessment is also discussed in the Management Discussion and Analysis attached to this report. The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors and the management monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating accounting procedures and policies at all locations of the Company. Audit observations of Internal Auditors and corrective actions thereon are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Auditor reports to the Audit Committee.

The Board of Company has laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively.

## **EXTRACT OF ANNUAL RETURN**

The annual return of the Company as required under the Companies Act, 2013 will be available on the website of the Company at [www.prakash.com](http://www.prakash.com).

## **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as Annexure 4 to this Report.

In terms of the provisions of Section 197(12) of the Companies Act 2013 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 4A.

## **PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

The Company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at work place and matters connected therewith. During the year ended 31<sup>st</sup> March, 2020, no complaint was received under the policy.

## **DISCLOSURE REQUIREMENTS**

As per SEBI Listing Regulations, the Corporate Governance Report with the Practising Company Secretary's Certificate and Management Discussion and Analysis are attached as Annexure 5, 5A, 5B. The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

## **BUSINESS RESPONSIBILITY REPORT :**

The Business Responsibility Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by the Company from an environmental, social and governance perspective, form an integral part of this Annual Report and annexed hereto as Annexure 6.

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

The particulars relating to conservation of energy, technology absorption, research & development and foreign exchange earnings and outgo, as required to be disclosed under the Act are annexed as Annexure 7

## **ACKNOWLEDGMENTS**

Your Directors wish to thank all stakeholders, employees and business partners and Company's bankers for their continued support and valuable co-operation. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

**By Order of the Board**

Place : New Delhi  
Dated : 27<sup>th</sup> June, 2020

P. L. Gupta  
Whole-time Director  
DIN:00048868

Kanha Agarwal  
Jt. Managing Director  
DIN:06885529

**Annual Report on Corporate Social Responsibility (CSR) Activities**  
**(Pursuant to Rule 9 of Companies (Accounts) (Corporate Social Responsibility Policy) Rules, 2014)**  
**for the Financial Year ended 31<sup>st</sup> March, 2020**

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 has been actively involved in activities for the betterment of the community. The Company has identified health, education & livelihood, environment awareness, water management, promotion of rural sports, rural development projects and social causes as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass root level during the year. The Company's CSR Policy is available on Company website link at [http://prakash.com/pdfs/CSR\\_Policy.pdf](http://prakash.com/pdfs/CSR_Policy.pdf)

The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013

1. The Composition of the CSR Committee
  - i) Shri Vikram Agarwal
  - II) Shri Kanha Agarwal
  - iii) Smt. Purnima Gupta
2. Average net profit (after tax) of the Company for last three financial years ₹ 34925.47 Lakhs
3. Prescribed CSR Expenditure (two percent of the amount as in item 2 above) ₹ 698.51 Lakhs
4. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year. ₹ 698.51 Lakhs
  - (b) Amount unspent , if any; Nil
  - (c) Manner in which the amount spent during the financial year is detailed below: ₹ 702.49 Lakhs

(₹.in Lakhs)

(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 Health Care Schedule VII (i)	Champa, Chhattisgarh Raipur, Chhattisgarh	142.56 22.50	142.56 22.50	142.56 22.50	Direct, 142.56 Direct, 22.50
2	Training Programme & Promotion of Education	Promoting Education Including Special Education and Employment Enhancing Vocational Skills Schedule VII (ii)	Champa, Chhattisgarh Raipur, Chhattisgarh	148.48 1.69	148.48 1.69	148.48 1.69	Direct, 148.48 Direct, 1.69
3	Social Causes	Measures for reducing inequalities,	Champa, Chhattisgarh	15.25	15.25	15.25	Direct, 15.25
4	Environment Awareness	Ensuring Environment Sustainability Schedule VII (iv)	Champa, Chhattisgarh Raipur, Chhattisgarh	15.61 1.44	15.61 1.44	15.61 1.44	Direct, 15.61 Direct, 1.44
5	Protection of Art & Culture	Promotion and development of traditional arts, Schedule VII (v)	Champa, Chhattisgarh	18.53	18.53	18.53	Direct, 18.53
6	Rural Sports	Training to rural sports, nationally recognized sports Schedule VII (vii)	Champa, Chhattisgarh Raipur, Chhattisgarh	6.92 0.51	6.92 0.51	6.92 0.51	Direct, 6.92 Direct, 0.51
6	Poverty & malnutrition	Mid day meal scheme, Schedule VII(i)	Delhi NCR	329.00	329.00	329.00	329, Through implementing agency,
	<b>Total</b>			<b>702.49</b>	<b>702.49</b>	<b>702.49</b>	<b>702.49</b>

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

**Kanha Agarwal**  
**Joint Managing Director**  
**DIN:06885529**

**Vikram Agarwal**  
**Chairman-CSR Committee**  
**DIN:00054125**

**FORM No. MR-3  
SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2020****[Pursuant to section 204(1) of Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]**

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Prakash Industries Limited -CIN 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 my opinion thereon.

Based on my verification of the Prakash Industries Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Prakash Industries Limited ("the Company") for the financial year ended on 31<sup>st</sup> March 2020 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 there under 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) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time;
- d) Other laws applicable specifically to the Company as per the representation made by the Management including
  - i) Air (Prevention and Control of Pollution) Act, 1981
  - ii) Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975
  - iii) Environment Protection Act, 1986
  - iv) Factories Act, 1948

For the compliances of Labour Laws & other General Laws my 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, including compliance reports taken on record by the Board of Director, to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

I have also examined compliance with the applicable clauses of the following:

- i. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- ii. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and General Meetings.

I further report that, there were no actions/event in pursuance of:

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

## PRAKASH INDUSTRIES LIMITED

- (e) 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 (Not applicable to the Company as it's not registered as Registrar to Issue and Share Transfer Agents during the audit period);

During the period under review and as per the explanations and clarifications given to me and the representation made by the Management, the Company has complied with the provisions of the applicable laws, rules, regulations and guidelines, etc as mentioned above except in the following instances my observations are as under:

1. There was delay in submitting Shareholding Pattern for Quarter ending March, 2020 to stock exchanges which is required to be submitted by 15<sup>th</sup> May, 2020 under Regulation 31 of SEBI (LODR) and it was submitted on 3<sup>rd</sup> June, 2020. The Company has paid required fines imposed by NSE & BSE.
2. The Company has paid managerial remuneration to Whole-time Directors in excess of limit provided as per Section 198 of the Companies Act, 2013 in the financial year under review and for waiver of the excess managerial remuneration paid to Whole- time Directors it's taking required approval of shareholders by way of Special Resolutions in the forthcoming general meeting.

During the period under review and as per the explanations

The Company has spent an amount of ₹ 702.49 Lakhs against the amount of ₹ 698.51 Lakhs to be spent during the year towards Corporate Social Responsibility.

I 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 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, except notes on items of business which are in the nature of Unpublished Price Sensitive Information have been given at a shorter period of time than stated above, with the consent of a majority of the Directors, which includes one Independent Director and a system 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 Chairperson, the decision were unanimous and no dissenting views were recorded.

I further report that as per the explanations given to me and the representation made by the Management and relied upon by me 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 etc.

I further report that during the audit period the Company no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**PRADIP KUMAR MUDULI**  
(Practicing Company Secretary)

Place: New Delhi

Date : 27/06/2020

FCS No. 6170

C P No. 5730

**Note :** This report is to be read with my 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. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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 Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**PRADIP KUMAR MUDULI**  
(Practicing Company Secretary)

Place : New Delhi

Date : 27/06/2020

FCS No.6170

C P No. 5730

# PRAKASH INDUSTRIES LIMITED

## ANNEXURE-2A

To,  
Prakash Industries Limited  
15 Km stone, Delhi Road  
Hisar, Haryana - 125044

**Secretarial compliance report of Prakash Industries Limited (CIN: L27109HR1980PLC010724) for the financial year ended 31st March, 2020.**

I Pradip Kumar Muduli, Practicing Company Secretary have examined:

- all the documents and records made available to me and explanation provided by Prakash Industries Limited ("the listed entity"),
- the filings/ submissions made by the listed entity to the stock exchanges,
- website of the listed entity,
- any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31<sup>st</sup> March, 2020 ("Review Period") in respect of compliance with the provisions of :

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not attracted during the period under review.**
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not attracted during the period under review.**
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not attracted during the period under review.**
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **Not attracted during the period under review.**
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not attracted during the period under review.**

- Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993; **Not attracted during the period under review;**

and circulars/ guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/circulars/ guideline including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1	Regulation 31 of SEBI (LODR) relating to Shareholding Pattern for Quarter ending March, 2020 required to be submitted to the Stock Exchanges by 15 <sup>th</sup> May, 2020.	There was delay in submission of Shareholding Pattern for Quarter ending March, 2020 to the Stock Exchanges NSE & BSE which was done on 3 <sup>rd</sup> June, 2020. The Company paid fine of ₹ 37,760 to NSE and ₹40,120 to BSE.	As per explanation given by the management of the Company the delay was due to CoVID - 19 virus pandemic for which the office was not fully operational and the Company has paid applicable fine to the Stock Exchanges.

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.
- The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Detail of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ Remarks of the Practicing Company Secretary, if any
1	Stock Exchanges NSE & BSE	Fines imposed for delay in submission of Shareholding Pattern for Quarter ending March, 2020	The Company paid fine of ₹ 37,760 to NSE and ₹ 40,120 to BSE.	As per explanation given by the management of the Company the delay was due to CoVID - 19 virus pandemic for which the office was not fully operational and the Company has paid applicable fine to the Stock Exchanges.

- The listed entity has taken the above mentioned actions to comply with the observations made in previous reports:

There was no adverse remarks in the previous report, hence, no actions was required to taken by the Company;

Place : New Delhi  
Date : 27/06/2020

Name : Pradip Kumar Muduli  
FCS No:6170,CP: 5730

**DETAILS OF RELATED PARTY TRANSACTIONS**

- A. (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

All related party transactions entered during the year were in ordinary course of business and on arm's length basis and the same have been disclosed under Note No. 45 of the Notes to Financial Statements.

No material related party transactions arising from contracts/ arrangements with related parties referred to in the Section 188(1) of the Companies Act, 2013 were entered during the year by the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

- B. Disclosures pursuant to Regulation 34(3) & 53(f) and Para A of Schedule V of SEBI (LODR) Regulations, 2015

Sl. No.	In the Account of	Disclosures of amount at the year end and the maximum amount of loans/advances/Investments outstanding during the year.	Not Applicable
1.	Holding Company	- Loans and advances in the nature of loans to subsidiaries by name and amount	
		- Loans and advances in the nature of loans to associates by name and amount	
		- Loans and advances in the nature of loans to Firms/Companies in which directors Not Applicable are interested by name and amount	
2.	Subsidiary	- Loans and advances in the nature of loans to subsidiaries by name and amount	
		- Loans and advances in the nature of loans to associates by name and amount	
		- Loans and advances in the nature of loans to Firms/Companies in which directors	
3.	Holding Company	Investment by the loanee in the shares of parent Company and subsidiary Company has made a loan or advance in the nature of loan.	

**By Order of the Board**

Place : New Delhi  
Dated : 27<sup>th</sup> June, 2020

**P. L. Gupta**  
**Whole-time Director**  
**DIN:00048868**

**Kanha Agarwal**  
**Jt. Managing Director**  
**DIN:06885529**

# PRAKASH INDUSTRIES LIMITED

## ANNEXURE-4

### STATEMENT OF DISCLOSURE OF REMUNERATION UNDER SECTION 197 OF COMPANIES ACT, 2013 AND RULE 5(1) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

No.	Requirement	Information																														
(i)	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	<table><thead><tr><th>Director</th><th>Ratio</th></tr></thead><tbody><tr><td>Shri V.P. Agarwal, Chairman</td><td>168:1</td></tr><tr><td>Shri Vikram Agarwal, Managing Director</td><td>83:1</td></tr><tr><td>Shri Kanha Agarwal, Joint Managing Director</td><td>39:1</td></tr><tr><td>Shri M.L. Pareek, Whole-time Director &amp; CEO</td><td>25:1</td></tr><tr><td>Shri P.L. Gupta, Whole-time Director &amp; CFO</td><td>21:1</td></tr><tr><td>Shri Y.N. Chugh, Director *</td><td></td></tr><tr><td>Shri Mamraj Agarwal, Director *</td><td></td></tr><tr><td>Smt. Purnima Gupta, Director *</td><td></td></tr><tr><td>Shri Sunil Kumar, Director*</td><td></td></tr><tr><td>Dr. S.C. Gosain, Director*</td><td></td></tr></tbody></table>	Director	Ratio	Shri V.P. Agarwal, Chairman	168:1	Shri Vikram Agarwal, Managing Director	83:1	Shri Kanha Agarwal, Joint Managing Director	39:1	Shri M.L. Pareek, Whole-time Director & CEO	25:1	Shri P.L. Gupta, Whole-time Director & CFO	21:1	Shri Y.N. Chugh, Director *		Shri Mamraj Agarwal, Director *		Smt. Purnima Gupta, Director *		Shri Sunil Kumar, Director*		Dr. S.C. Gosain, Director*									
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Smt. Purnima Gupta, Director *																																
Shri Sunil Kumar, Director*																																
Dr. S.C. Gosain, Director*																																
(ii)	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any in the financial year	<table><thead><tr><th>Director</th><th>Ratio</th></tr></thead><tbody><tr><td>Shri V.P. Agarwal, Chairman</td><td>8.79%</td></tr><tr><td>Shri Vikram Agarwal, Managing Director</td><td>7.70%</td></tr><tr><td>Shri Kanha Agarwal, Joint Managing Director</td><td>12.56%</td></tr><tr><td>Shri M.L. Pareek, Whole-time Director &amp; CEO</td><td>15.17%</td></tr><tr><td>Shri P.L. Gupta, Whole-time Director &amp; CFO</td><td>27.30%</td></tr><tr><td>Shri Y.N. Chugh, Director *</td><td></td></tr><tr><td>Shri Mamraj Agarwal, Director *</td><td></td></tr><tr><td>Smt. Purnima Gupta, Director *</td><td></td></tr><tr><td>Shri Sunil Kumar, Director*</td><td></td></tr><tr><td>Dr. S.C. Gosain, Director*</td><td></td></tr><tr><td colspan="2"><b>Key Managerial Personnel</b></td></tr><tr><td>Shri M.L. Pareek, Whole-time Director &amp; CEO</td><td>15.17%</td></tr><tr><td>Shri P.L. Gupta, Whole-time Director &amp; CFO</td><td>27.30%</td></tr><tr><td>Shri Ashwini Kumar, Company Secretary</td><td>24.46%</td></tr></tbody></table>	Director	Ratio	Shri V.P. Agarwal, Chairman	8.79%	Shri Vikram Agarwal, Managing Director	7.70%	Shri Kanha Agarwal, Joint Managing Director	12.56%	Shri M.L. Pareek, Whole-time Director & CEO	15.17%	Shri P.L. Gupta, Whole-time Director & CFO	27.30%	Shri Y.N. Chugh, Director *		Shri Mamraj Agarwal, Director *		Smt. Purnima Gupta, Director *		Shri Sunil Kumar, Director*		Dr. S.C. Gosain, Director*		<b>Key Managerial Personnel</b>		Shri M.L. Pareek, Whole-time Director & CEO	15.17%	Shri P.L. Gupta, Whole-time Director & CFO	27.30%	Shri Ashwini Kumar, Company Secretary	24.46%
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Shri Ashwini Kumar, Company Secretary	24.46%																															
(iii)	The percentage increase in the median remuneration of employees in the financial year	6.47%																														
(iv)	The number of permanent employees on the rolls of Company	2765 as on 31 <sup>st</sup> March, 2020																														
(v)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Median remuneration of employees increased by 6.47% in FY 20 over previous year. The salary increase is based on compensation philosophy of the organisation which takes into account internal as well as external factors.																														
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Company	Affirmed																														

\* No remuneration, only sitting fees paid

# PRAKASH INDUSTRIES LIMITED

## ANNEXURE-4A

DISCLOSURE AS REQUIRED UNDER SUB RULE 2 OF RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

FOR THE YEAR ENDED 31ST MARCH, 2020

Employed throughout the financial year under review and were in receipt of remuneration for the year in aggregate not less than ₹ 8.50 Lakh per Month :

Sr. No.	Name	Age (Years)	Qualifications	Experience (Years)	Designation/ Nature of Duties	Remuneration (₹) Lakhs	Date of Commencement of Employment	Particulars of last Employment
1.	Sh.V.P.Agarwal	64	B.Com.	41	Chairman	588	01.01.1981	Surya Roshini Limited
2.	Sh.Vikram Agarwal	42	B.Com.	18	Managing Director	290	28.05.2005	Primenet Global Limited
3.	Sh.Kanha Agarwal	27	B.Com.	6	Joint Managing Director	135	28.05.2014	Earnst & Young

### NOTES :

1. Remuneration includes Perquisites and Company's Contribution to Provident Fund
2. The nature of employment is contractual
3. Shri V. P. Agarwal, Chairman is related to Shri Vikram Agarwal, Managing Director and Shri Kanha Agarwal, Joint Managing Director of the Company and are related to each other accordingly.



**REPORT ON CORPORATE GOVERNANCE**
**1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Good governance practices stem from the value system and philosophy of the organization and the Company is committed to optimize shareholder returns, governance processes and an entrepreneurial, performance focused, conducive work environment.

The Board is collectively responsible to ensure that Corporate Governance processes are structured to direct the Company's actions to achieve this purpose, while complying with the Code of Governance.

**2. BOARD OF DIRECTORS**
**a) Composition**

As on 31<sup>st</sup> March, 2020, the Board of Prakash Industries Ltd. comprised 10 Directors represented by 5 Whole-time (Executive) Directors including Chairman, Managing Director & Joint Managing Director and 5 Independent Directors (Non-Executive) including one Woman Director

**b) Confirmation relating to independent Directors**

It is confirmed that in the opinion of the Board, the Independent Directors fulfil the conditions specified in SEBI (LODR) Regulations, 2015 and amendment made thereof these Regulations and are Independent of the Management of the Company

**c) Attendance of each Director at the Board meetings & last Annual General Meeting during the year 2019-20 and number of other Directorships and committee memberships/ chairmanships held in other Companies:**

S. No.	Name of Directors and their DIN	Category	No. of Board Meetings Attended	Last AGM Attended	No. of Directorships held in other Companies		No. of Committee positions held in other Companies	
					Chairman	Director	Chairman	Member
1.	Shri V.P. Agarwal Chairman DIN:00048907	Executive & Promoter	4	No	1	6	–	–
2.	Shri Vikram Agarwal Managing Director DIN:00054125	Executive & Promoter	4	No	–	6	2	2
3.	Shri Kanha Agarwal Joint Managing Director DIN:06885529	Executive & Promoter	4	No	–	8	–	–
4.	Shri Y.N. Chugh DIN:02225961	Non-executive & Independent	4	Yes	–	–	–	–
5.	Shri M.R. Agarwal DIN:00180671	Non-executive & Independent	4	No	–	–	–	–
6.	Smt. Purnima Gupta DIN:06885738	Non-executive & Independent	4	Yes	–	–	–	–
7.	Shri M.L. Pareek DIN:01795975	Executive	3	Yes	–	1	–	–
8.	Shri P.L. Gupta DIN:00048868	Executive	4	No	–	1	–	–
9.	Dr.S.C. Gosain DIN:08202130	Non-executive & Independent	4	No	–	–	–	–
10.	Shri Sunil Kumar* DIN:08047482	Non-executive & Independent	4	No	–	–	–	–

\* Resigned w.e.f. 10<sup>th</sup> November, 2019 and again appointed w.e.f. 4<sup>th</sup> February, 2020

# PRAKASH INDUSTRIES LIMITED

## d) Core Skills/Expertise/Competencies available with the Board

The Board comprises qualified members who possess required skills, expertise and competence that allow them to make effective contribution to the Board and its Committees.

The following skills/expertise/competencies have been identified for the effective functioning of the Company and are currently available with the Board:

### 1. Industry Knowledge/experience

- Industry experience
- Knowledge of Sector
- Knowledge of Government/Public Policy

### 2. Technical Skills/experience

- Projects
- Accounting
- Finance
- Law
- Marketing Experience
- Public Relations

## e) Disclosure of relationship between Director inter-se

Shri V. P. Agarwal, Chairman is related to Shri Vikram Agarwal, Managing Director and Shri Kanha Agarwal, Joint Managing Director as their father. Shri Vikram Agarwal and Shri Kanha Agarwal are related to each other as brothers. Apart from that, there are no relationships existing among other Directors of the Company.

## f) No. of Board Meetings

In the financial year 2019-20, the Board met four times. The meetings were held on 21<sup>st</sup> May, 2019, 9<sup>th</sup> August, 2019, 6<sup>th</sup> November, 2019 and 12<sup>th</sup> February, 2020. The Interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Regulation.

Details of the Board meetings are as under:

S.No.	Date of Board Meeting	Board Strength	No. of Directors present
1.	21.05.2019	10	10
2.	09.08.2019	10	9
3.	06.11.2019	10	10
4.	12.02.2020	10	10

## g) Meetings of Independent Directors

During the year, one meeting of Independent Directors was held on 12<sup>th</sup> February, 2020 without the presence of Executive Directors or management personnel to discuss matters pertaining to the Company's affairs and put forth their views. The Chairman of meeting had taken appropriate steps to present Independent Directors' views to the Chairman and Managing Director of the Company.

## h) Details of shareholding of non-executive Directors in the Company as on 31st March, 2020

S.No.	Name of Director	No. of shares held
1.	Shri Y. N. Chugh	Nil
2.	Shri M. R. Agarwal	Nil
3.	Smt. Purnima Gupta	Nil
4.	Dr. S. C. Gosain	Nil
5.	Shri Sunil Kumar	Nil

- i) The policy for conducting familiarization programmes for Independent Directors has been disclosed and can be accessed on the Company's website [www.prakash.com](http://www.prakash.com).

## 3. AUDIT COMMITTEE

### i) Terms, composition, names of members and chairman

chairman The terms of reference of the Committee cover the matters specified for the Audit Committee under Regulation 18 of SEBI (LODR) Regulations, 2015 and as per Section 177 of the Companies Act, 2013.

During the year Board of Directors has reconstituted the Audit Committee. The Committee comprises of six members and majority of them are Independent Directors. Shri Y.N. Chugh (Non-Executive and Independent Director) is the Chairman of the Audit Committee and Shri M.R. Agarwal, Smt. Purnima Gupta, Dr. S. C. Gosain (All Non-Executive and Independent Directors), Shri M.L. Pareek and Shri P.L. Gupta (Whole- time Directors) are members of the Audit Committee.

### ii) No. of Audit Committee Meetings

The Audit Committee met four times during the financial year 2019-20 on 21<sup>st</sup> May, 2019, 9<sup>th</sup> August, 2019, 6<sup>th</sup> November, 2019 and 12<sup>th</sup> February, 2020 and attendance was as under.

S.No.	Name of Director	Status	Meetings Attended
1.	Shri Y.N. Chugh	Chairman	4
3.	Shri M.R. Agarwal	Member	4
4.	Smt. Purnima Gupta	Member	4
5.	Shri M.L. Pareek	Member	3
6.	Shri P.L. Gupta	Member	4
7.	Dr. S. C. Gosain*	Member	1
7.	Shri Sunil Kumar**	Member	3

\* Co-opted as member w.e.f. 23<sup>rd</sup> December, 2019

\*\* Ceased to be member due to resign w.e.f. 10<sup>th</sup> November, 2019

Audit Committee meetings are also attended by representative of Internal Auditors and Managing Director / Joint Managing Director of the Company who are permanent invitees for the meeting. Company Secretary acts as Secretary of the Audit Committee.

#### 4 NOMINATION AND REMUNERATION COMMITTEE

##### i) Terms, composition, names of members and chairman

The terms of reference of Nomination and Remuneration Committee cover the matters specified for the said Committee under Regulation 19 & Part D of Schedule II of SEBI (LODR) Regulations, 2015 and as per Section 178 of the Companies Act, 2013.

During the year Board of Directors has reconstituted the Nomination and Remuneration Committee comprises of Shri Y. N. Chugh (Non-Executive and Independent Director) as the Chairman and Shri M.R. Agarwal and Smt. Purnima Gupta (All Non-Executive and Independent Directors) as members of the Nomination and Remuneration Committee of the Board of Directors.

During the year, one meeting of the Committee was held on 12<sup>th</sup> February, 2020 and all members of the Committee had attended the meeting.

Performance evaluation criteria for independent Directors: Performance evaluation of Independent Directors shall be done on annual basis. The rating shall be provided by all the Directors except the Independent Director being evaluated. The evaluation criteria shall be reviewed by the Nomination and Remuneration Committee of the Board from time to time and shall be subject to the provisions of SEBI (LODR) Regulations, 2015 and the Companies Act, 2013 and rules made thereunder and amendments thereto from time to time.

#### 5. DETAILS OF REMUNERATION / SITTING FEE PAID TO DIRECTORS FOR THE PERIOD FROM 1<sup>ST</sup> APRIL, 2019 TO 31<sup>ST</sup> MARCH, 2020:

a) The remuneration criteria of making payments to Non-Executive Directors has been disclosed and it can be accessed on the Company's website [www.prakash.com](http://www.prakash.com).

##### b) Pecuniary Relationship

Independent Directors viz. Shri Y.N. Chugh, Shri M.R. Agarwal, Smt. Purnima Gupta, Shri Sunil Kumar and Dr. S.C. Gosain do not have any pecuniary relationships or transactions with the Company except for the sitting fees drawn for attending the meetings of the Board and Committee(s) thereof.

(₹ in lakhs)

S.No.	Name of Director	Salary	Perquisites	Sitting Fee
1.	Shri V. P. Agarwal	587.50	0.40	N.A.
2.	Shri Vikram Agarwal	289.52	0.40	N.A.
3.	Shri Kanha Agarwal	135.12	0.40	N.A.
4.	Shri Y. N. Chugh	Nil	Nil	2.75
5.	Shri M. R. Agarwal	Nil	Nil	2.50
6.	Smt. Purnima Gupta	Nil	Nil	3.75
7.	Shri M. L. Pareek	82.44	5.29	N.A.
8.	Shri P. L. Gupta	66.26	8.44	N.A.
9.	Shri Sunil Kumar*	Nil	Nil	2.00
10.	Dr. S. C. Gosain	Nil	Nil	1.50

\* Resigned w.e.f. 10<sup>th</sup> November, 2019 and again appointed w.e.f. 4<sup>th</sup> February, 2020

##### c) Details of Service Contracts of Directors:

S. No.	Name of Director	Period of Contract	Date of appointment / Re-appointment	Notice Period
1.	Shri V.P. Agarwal	3 years	01.04.2020	N.A.
2.	Shri Vikram Agarwal	3 years	01.04.2018	N.A.
3.	Shri Kanha Agarwal	3 years	01.04.2019	N.A.
4.	Shri M.L. Pareek	3 years	01.04.2018	One month
5.	Shri P.L. Gupta	3 years	01.04.2018	One month

#### 6. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board of Directors had constituted the Stakeholders Relationship Committee (formerly known as Shareholders' Investors' Grievance Committee) comprising of Smt. Purnima Gupta (Non-Executive and Independent Director), as Chairperson of the Committee, Shri M.L. Pareek and Shri P.L. Gupta, Whole-time Directors as members of the Committee.

The Committee is entrusted with the responsibility of addressing the shareholders/ Investors' complaints with respect to transfer of shares, non-receipt of Annual Report and non-receipt of dividend etc.

The Stakeholders Relationship Committee met four times during the financial year 2019-20 on 15<sup>th</sup> April, 2019, 15<sup>th</sup> July, 2019, 14<sup>th</sup> October, 2019 and 11<sup>th</sup> January, 2020 and attendance was as under:

S.No.	Name of Director	Status	Meetings Attended
1.	Smt. Purnima Gupta	Chairperson	4
2.	Shri M.L. Pareek	Member	4
3.	Shri P.L. Gupta	Member	4

Compliance Officer : Shri Ashwini Kumar  
Company Secretary

No. of shareholders/ investors complaints received upto 31<sup>st</sup> March, 2020 : 12

No. of complaints not solved to the satisfaction of Shareholders / investors : Nil

No. of pending complaints : Nil

The Company has created an exclusive e-mail ID viz. [investorshelpline@prakash.com](mailto:investorshelpline@prakash.com) for the help of investors

#### 7. OTHER COMMITTEES

##### a) SHARE TRANSFER COMMITTEE

The Committee consists of Shri V.P. Agarwal, Chairman of the Company as Chairman and Shri Vikram Agarwal, Managing Director as member of the Committee.

The Board has constituted a Share Transfer Committee which meets frequently/as and when required to approve the transfer and transmission of shares, issue of duplicate share certificates, consolidation and sub-division of shares etc. The Company complies with the requirements of the SEBI (LODR) with respect to transfer of shares. The requisite certificates are sent to the

# PRAKASH INDUSTRIES LIMITED

transferees within the prescribed time. The stipulations of depositories regarding demat / remat etc. are also complied with.

## Compliance Officer:

As required by the Stock Exchanges, the Company has appointed Shri Ashwini Kumar, Company Secretary of the Company as Compliance Officer to monitor the transfer process and liaison with the regulatory authorities.

## b) FINANCE COMMITTEE

The Board had also constituted a Finance Committee to look after all credit facilities taken or to be taken by the Company for the business of the Company and any other transaction or any financial issue that the Board may desire to be reviewed by the Finance Committee. During the year Board of Directors has reconstituted the Finance Committee. The Committee comprises of Shri P.L. Gupta, (Whole-time Director and Chief Financial Officer) as Chairman of the Committee, and Shri M.L. Pareek (Whole-time Director and Chief Executive Officer) as member of the Finance Committee of the Board of Directors.

The Committee met once during the financial year 2019-20 on 5<sup>th</sup> November, 2019 and attendance was as under:

S. No.	Name of Director	Status	Meeting Attended
1.	Shri P.L. Gupta	Chairman	1
2.	Shri M.L. Pareek	Member	1

## c) ALLOTMENT COMMITTEE

The Board had constituted an Allotment Committee for allotment of equity shares or any other instrument convertible into equity shares. The Committee comprises of Shri Y.N. Chugh (Non-Executive and Independent Director) as the Chairman of the Allotment Committee and Shri Vikram Agarwal (Managing Director) and Shri P.L. Gupta (Whole-time Director) as members of the Allotment Committee of the Board of Directors.

The Committee met once during the financial year 2019-20 on 13<sup>th</sup> June, 2019 and attendance was as under:

S. No.	Name of Director	Status	Meeting Attended
1.	Shri Y.N.Chugh	Chairman	1
2.	Shri Vikram Agarwal	Member	1
3.	Shri P.L. Gupta	Member	1

## d) FCCB CONVERSION COMMITTEE

The Board had constituted a FCCB Conversion Committee for allotment of equity shares on conversion of FCCB. The Committee comprising of Shri Vikram Agarwal (Managing Director) as the Chairman of the FCCB Conversion Committee and Shri M.L. Pareek and Shri P.L. Gupta (Whole-time Directors) as members of the FCCB Conversion Committee of the Board of Directors.

No Committee meeting was held during the financial year 2019-20.

## e) CORPORATE SOCIAL RESPONSIBILITY AND GOVERNANCE COMMITTEE

The Board had constituted the Corporate Social Responsibility and Governance Committee (CSR & G Committee) comprising Shri Vikram Agarwal, Chairman and Shri Kanha Agarwal and Smt. Purnima Gupta as members. The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating 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.

The Committee met once during the financial year 2019-20 on 21<sup>st</sup> May, 2019 and attendance of members at the meeting was as follows:

S. No.	Name of Director	Status	Meeting Attended
1.	Shri Vikram Agarwal	Chairman	1
2.	Shri Kanha Agarwal	Member	1
3.	Smt.Purnima Gupta	Member	1

## f) RISK MANAGEMENTCOMMITTEE

In terms of the provisions of SEBI (LODR) Regulations, 2015, Company had constituted a Risk Management Committee comprising of Shri Vikram Agarwal, Managing Director as Chairman and Shri M.L. Pareek and Shri P.L. Gupta, Whole-time Directors as members of the Committee.

The Committee met once during the financial year 2019-20 on 12<sup>th</sup> February, 2020 and attendance of members at the meeting was as follows:

S. No.	Name of Director	Status	Meeting Attended
1.	Shri Vikram Agarwal	Chairman	1
2.	Shri M.L. Pareek	Member	1
3.	Shri P.L. Gupta	Member	1

The Committee is empowered pursuant to its terms of reference:

1. To develop and implement the Risk Management Policy of the Company
2. To lay down risk assessment and minimization procedures
3. To frame, implement, review and monitor Risk Management Plan of the Company
4. To perform such other functions as may be referred to it by the Board

As per SEBI Circular dated 15<sup>th</sup> November 2018 disclosure regarding commodities in the prescribed format is as under.

- i) Risk management policy of the listed entity with respect to commodities including through hedging (Such policy shall take into account total exposure of the entity towards commodities, commodity risks faced by the entity, hedged exposures, etc. as specified below)

- Not Applicable -

## PRAKASH INDUSTRIES LIMITED

- ii. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

- a. Total exposure of the listed entity to commodities in INR

**- Not Applicable -**

- b. Exposure of the listed entity to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				
			Domestic Market		International Market		Total
			OTC	Exchange	OTC	Exchange	
-NA-	-NA-	-NA-	-NA-	-NA-	-NA-	-NA-	-NA-

- c. Commodity risks faced by the listed entity during the year and how they have been managed.

**- Not Applicable -**

### 8. GENERAL BODY MEETINGS

Details of Annual General Meetings (AGM) and Extra-ordinary General Meetings (EGM) of the Company held during the last three financial years, which were held at the Registered Office of the Company at 15 Km. Stone, Delhi Road, Hissar-125044 (Haryana) as mentioned below:

Year	Date & Time	Details of Special Resolutions
2018-2019 (AGM)	28.09.2019 at 12.30 p.m	No special resolution was passed
2018-2019 (EGM)	07.09.2019 at 12.30 p.m	Resolution for waiver of recovery of managerial remuneration paid to Chairman, Managing Director and Whole-time Directors. Re-appointment of Independent Directors for further five years and re-appointment of joint Managing Director and fix his remuneration
2017-2018 (AGM)	28.07.2018 at 12.30 p.m.	Re-appointment of Managing Director, Whole-time Directors and revise the remuneration of Joint Managing Director
2017-2018 (EGM)	17.03.2018 at 12.30 p.m.	Issue of Convertible Equity Warrants on preferential basis to Promoter(s) and Non Promoter(s)
2017-2018 (EGM)	16.12.2017 at 12.30 p.m	Issue of Convertible Equity Warrants on preferential basis to Promoter And Non Promoter(s)
2017-2018 (EGM)	23.09.2017 at 12.30 p.m	Approve further issue of securities
2016-2017 (AGM)	25.07.2017 at 12.30 p.m	Increase in Authorised Share Capital and amend Cause V of the Memorandum and Articles of Association, Issue of new Bonds in exchange of existing old Bonds and Re-appointment of Chairman

#### Special Resolution passed through Postal Ballot

No special resolution was passed through postal ballot during the financial Year 2019-20. None of the businesses

proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

### 9. MEANS OF COMMUNICATIONS

The Board of Directors approves and takes on record the quarterly / half yearly and annual results of the performance of the Company which are published in English and Hindi language newspapers. The results are sent to the Stock Exchanges on which the shares of the Company are listed in the prescribed format so as to enable the respective stock exchanges to put the same on their own Website. The results are also displayed on the Company's Website viz. [www.prakash.com](http://www.prakash.com). The results are also sent to shareholders through email whose email addresses are available. The Notice of AGM/EGM alongwith the Annual Report/Notice of EGM are sent to the shareholders well in advance of the AGM/EGM. The stock exchanges are notified of any important developments. Management Discussion & Analysis report which forms part of the Annual Report is attached to the Directors Report and sent to the shareholders.

#### NSE Electronic Application Processing System (NEAPS):

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

#### BSE Corporate Compliance & Listing Centre (the "Listing Centre"):

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

#### SEBI Complaints Redress System (SCORES):

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

### 10. GENERAL SHAREHOLDERS' INFORMATION

#### a) Company Registration Details

The Company is registered in the State of Haryana, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L27109HR1980PLC010724.

#### b) Annual General Meeting:

Date & Time 28<sup>th</sup> September, 2020 at 12.30 p.m.

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

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## c) Financial Calendar for 2020-21:

- i) First quarter results upto 14<sup>th</sup>  
August, 2020
- ii) Second quarter results upto 15<sup>th</sup>  
November, 2020
- iii) Third quarter results upto 15<sup>th</sup>  
February, 2021
- iv) Fourth quarter/Annual results upto 15<sup>th</sup> /30<sup>th</sup>  
May, 2021

## d) Book Closure :

23<sup>rd</sup> September, 2020 to 25<sup>th</sup> September, 2020 (both days inclusive)

## e) Stock Exchanges where Equity Shares of the Company are listed:

S.No.	Name of the Stock Exchange	Stock Code
1.	BSE Ltd.	506022
2.	National Stock Exchange of India Ltd.	PRAKASH

ISIN No. for equity shares : INE603A01013

## f) Market Price Data :

Market price of Company's Equity Share of ₹10 each during the year from April, 2020 to March, 2020 at BSE Ltd. and National Stock Exchange (NSE) are given below:

(₹)

Month	BSE		NSE	
	Highest	Lowest	Highest	Lowest
April, 2019	95.20	68.30	94.70	86.20
May, 2019	75.50	63.00	75.30	65.45
June, 2019	72.65	58.50	72.40	58.00
July, 2019	65.00	45.00	65.30	47.00
August, 2019	50.60	31.20	50.65	31.25
September, 2019	62.90	42.00	60.40	41.60
October, 2019	54.00	39.00	53.70	39.10
November, 2019	59.50	44.00	59.65	44.50
December, 2019	52.65	39.30	52.70	39.25
January, 2020	64.80	43.75	64.80	43.75
February, 2020	49.25	36.30	49.25	36.05
March, 2020	38.45	18.55	38.75	18.55

## g) Distribution of Shareholding (as on 31<sup>st</sup> March, 2020)

No. of Equity Shares held	No. of Share Holders	% of Share Holders	No. of Shares	% of Share Holding
Upto 5000	70586	81.71	10731790	6.26
5001 - 10000	7287	8.44	5819840	3.40
10001 - 20000	3883	4.49	5938990	3.47
20001 - 30000	1408	1.63	3613562	2.11
30001 - 40000	453	0.52	1570422	0.92
40001 - 50000	465	0.54	1980562	1.16
50001 - 100000	1108	1.28	7122167	4.16
100001 - above	1198	1.39	134486520	78.52
<b>Total</b>	<b>86388</b>	<b>100.00</b>	<b>171263853</b>	<b>100.00</b>

## h) Shareholding Pattern (as on 31<sup>st</sup> March, 2020)

Category	No. of Shares	% of Shares
Promoter & Promoter Group	72108668	42.10
Mutual Fund / UTI	46904	0.03
Financial Institutions / Banks	3792	0.00
Insurance Companies	200	0.00
Foreign Institutional Investors	6399160	3.74
Bodies Corporate etc.	27657220	16.15
NRIs/OBCs	2325727	1.36
Public (Individuals)	62722182	36.62
<b>Total</b>	<b>171263853</b>	<b>100.00</b>

## i) Registrar and Transfer Agent

The Company is doing transfer / split / consolidation / transmission of shares held by shareholders in physical form as well as demat / remat of shares "in-house" since it has got electronic connectivity with both National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

## j) Share Transfer System

The Transfer of shares in physical form are registered and returned within the stipulated time, if documents are clear in all respects as per SEBI guidelines. However with effect from 1<sup>st</sup> April 2019, SEBI vide its Press Release No.12/2019 dated 27<sup>th</sup> March, 2019 had prohibited the transfer of shares in physical form.

## k) Dematerialisation of Shares :

The Company has arrangements with both National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and got electronic connectivity of shares for scripless trading. As on 31<sup>st</sup> March, 2020; 98.10% of Equity Shares of the Company were held in dematerialized form.

## l) Listing Fee :

The Company has paid the listing fees upto the year 2020-21 of BSE Ltd. and National Stock Exchange of India Ltd. where the shares of the Company are listed and traded.

## m) Outstanding Foreign Currency Convertible Bonds (FCCB) :

The total outstanding FCCB as on 31<sup>st</sup> March, 2020 is 11.45 Million US\$.

## n) Plant Locations :

- i) Champa, Distt. Janjgir – Champa (Chhattisgarh)
- ii) Raipur (Chhattisgarh)
- iii) Koira, Distt. Koenjhar (Odisha)
- iv) Sirkaguttu (Odisha)
- v) Muppandal (Tamil Nadu)

## o) Address for Correspondence and for Share related matters:

**Prakash Industries Ltd.**

SRIVAN, Bijwasan, New Delhi – 110061.

**Ph. : (011) - 25305800**

**Fax. : (011) - 28062119**

**Website : www.prakash.com**

**E-mail : investorshelpline@prakash.com**

**11. OTHER DISCLOSURES**

- a) None of the transactions with any of related parties were in conflict with the Company's interest. Attention of members is drawn to the disclosure of transactions with related parties set out in Note No 45 of Standalone Financial Statements, forming part of the Annual Report. All related party transactions are negotiated on arms length basis and are intended to further in the Company's interests.

The Company has disclosed the related parties transactions in Notes on Accounts in the Balance Sheet. The same are not in potential conflict with the interest of the Company at large.

- b) There has been no instance of non-compliance by the Company on any matter related to capital markets during last three years, and hence, no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority during the financial year 2019-20.
- c) The details of establishment of Vigil Mechanism & Whistle Blower Policy can be accessed on the Company's website [www.prakash.com](http://www.prakash.com). Further it is affirmed that there is a proper policy to look into the grievances of the personnel of the Company and no person has been denied access to the Audit Committee.
- d) The Policy for determining "Material Subsidiaries" can be accessed on Company's website [www.prakash.com](http://www.prakash.com).
- e) The Policy on dealing with related party transactions can be accessed on Company's website [www.prakash.com](http://www.prakash.com).
- f) There has been no instance of non-compliance by the Company on any requirement of Corporate Governance report as per Para C of Schedule V of SEBI (LODR), Regulations, 2015 during the financial year 2019-20.
- g) The Company has adopted and fulfilled the disclosure requirements in compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.

**12. DISCLOSURE ABOUT UTILISATION OF FUND RECEIVED FROM PREFERENTIAL ALLOTMENT UNDER REGULATION 32 (7A) OF SEBI (LODR) REGULATIONS, 2015**

The Company has received an amount of ₹ 8141 lakh during the financial year ended 31<sup>st</sup> March, 2020 in respect of allotment of equity shares on conversion of convertible equity warrants and utilized the entire fund received for the purpose of the capital requirements of the Company and meeting other long term fund requirement including debt repayments.

**13. CODE OF CONDUCT**

The Company has adopted a Code of Conduct for all Directors and Senior Management personnel including functional heads of the Company. The essence of the code is to conduct the business of the Company in honest and ethical manner in compliance with applicable laws. The Code of Conduct has been posted on the website of the Company. All the Board members and Senior Management personnel including functional heads of the Company have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director and CFO is given below:

*"In terms of Para D of Schedule V of SEBI (LODR) Regulations 2015, it is hereby declared that all the Directors and Senior Management personnel including functional heads have affirmed compliance of the Code of Conduct of the Company for the financial year 2019-20"*

Place : New Delhi	Vikram Agarwal	P. L. Gupta
Date : 27 <sup>th</sup> June, 2020	Managing Director	Chief Financial Officer

14. A certificate has been received from Shri Pradip Kumar Muduli, Practising Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority except Shri Kanha Agarwal (DIN-06885529) who has been disqualified u/s.164(2)(a) of the Companies Act, 2013 by Ministry of Corporate Affairs and Hon'ble. Delhi High Court has granted stay of the said disqualification vide its order date 28<sup>th</sup> May, 2019. The matter is sub-judice. The DIN of Shri Kanha Agarwal is active.

**15. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT**

- a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year : NIL
- b) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year : NIL
- c) Number of shareholders to whom shares were transferred from suspense account during the year : NIL
- d) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year : NIL

**Compliance Certificate from the Practising Company Secretary regarding compliance of conditions of Corporate Governance**

To  
The Members of  
Prakash Industries Limited

We have examined the compliance of conditions of corporate governance by Prakash Industries Limited ("the Company"), for the year ended 31<sup>st</sup> March, 2020 as stipulated in SEBI (LODR) Regulations, 2015 and the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said clause of the Listing Regulations.

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

for **S.K. Hota & Associates**  
**Company Secretaries**

New Delhi  
27<sup>th</sup> June, 2020

**(Susanta Kumar Hota)**  
**Proprietor**  
**ACS: 16165 CP: 6425**



**MANAGEMENT DISCUSSION AND ANALYSIS****Industry Structure & Developments**

Globally, the situation of the steel industry, which was witnessing a modest growth upto the third quarter of the last financial year, suffered a setback due to the COVID-19 pandemic outbreak and the consequent lock downs. The industry's key customer sectors like automobiles, construction and oil & gas drillers struggled hard to survive due to prolonged shutdowns, disrupted supply chains, collapsing confidence and delayed investment and construction projects, as well as a decline in consumption activity across the globe. Automotive, which is one of the most important end markets for the steel industry, saw severe sales plunge globally. Moody's estimate predicts US sales go down by least 15%, Western Europe by 21%, Japan by 8%, and China by 10%, with growth returning only later in the year. The Indian Steel Association (ISA), which represents major public and private sector steel companies, has also forecasted contraction in steel demand by 7.7 per cent in 2020 in view of the slowdown in the construction and automotive sector in the country, which jointly constitute around 70-75% of the total steel demand in the country.

As a step towards supporting the economy, the Government of India unleashed policy stimulus equivalent to INR 20 trillion consisting of the following measures:

- a Liquidity injection and favorable business environment for the MSMEs
- b Impetus on the rural economy as measures are directly focused on increasing income and consumption
- c Structural reforms in the mining and manufacturing sector

The stimulus package with increased government spending will strengthen the demand situation in the country in the coming times.

**Opportunities and Threats**

As per the National steel policy crafted during FY 2017-18, the crude steel production target for India is set at 300 Mn Tonnes by 2030. The current low per capita steel consumption in the country shall provide ample scope for growth in the industry. Rapid growth in urban population and expansion in housing sector will also aid the steel consumption growth in the country. The Government's focus on affordable housing, roads, Sagarmala projects and other infrastructure projects are also expected to spur steel demand.

As regards threats to the sector, Steel is a high capital-intensive sector and the cost of financing any expansion or new steel capacity is usually met through borrowed capital. Since the cost of finance is extremely high in India as compared to the developed countries such as China, Japan and Korea, it makes the Indian steel players more vulnerable to any slowdown in the economy. Moreover, the steel demand is cyclical, which further makes the situation difficult for the indigenous steel makers. Also, another key threat to the steel industry continues to be the smooth availability and the price volatility of iron ore, which is the key raw material. Due to the expiry of a large number of iron ore mining licenses in March, 2020, the industry might face interim disruption in the supply of the ore during the current year.

However, your Company has insulated itself against these possible threats by being one of the lowest leverage Company in the industry and securing itself a captive iron ore mine, from which the commercial production has already started.

**Outlook**

After emerging as the world's second largest steel producer in the year 2019, the Indian steel industry severely suffered in the last quarter of the financial year 2020 on account of the outbreak of the COVID 19 pandemic, which has adversely affected almost all the sectors globally. As regards the Indian Steel industry, the demand is predicted to contract by 7.7% from last year due to the severe demand slowdown being witnessed in the key customer sectors like automobile, construction, etc. However, in view of the fiscal stimulus announced by the Government of India to support the Indian economy against the pandemic, it is expected that by the end of the current year, the Indian economy would be back on track. Further, the National Steel Policy 2017, which has laid down a roadmap for achieving long term growth in the Indian steel industry, both on the demand and supply side, will continue to aim to increase demand of steel in the country by targeting the domestic per capita steel consumption at 160 kgs by the year 2030-31. Presently, India's per capita consumption is close to 75 kgs, which in itself indicates that the per capita steel consumption target as laid under the National Steel Policy has high potential for achievement. The Government's focus on infrastructure spending, expansion of housing and manufacturing sector, road and railway projects will also fuel the demand for steel in the country. Also, further likely acceleration in the urbanization of the rural economy and infrastructure is expected to lead to significant growth in demand for steel.

# PRAKASH INDUSTRIES LIMITED

## Risks and Concerns

Since every organization is susceptible to risks, irrespective of the nature of the business it is into, it becomes all the more important to have an adequate risk management system. Risk is an uncertain and unprecedented event, which, on its occurrence can cause negative impact on the performance of any business entity. Our Company has adequate risk management system, which, identifies, analyses, and evaluates the risks to its business and thereafter treats and then monitors and reviews these risks. Risk management is a continuous process and the Risk Management Committee formed by the Company is actively involved in proactively identifying and analyzing the potential risks and the means to mitigate them.

The steel making business is subject to various potential risks among which the key risks are global steel demand scenario, domestic steel demand and assured supply of key inputs like iron ore, coal and power. The Indian Steel Industry is grappling hard with uncertainties pertaining to the availability and consistent supplies of raw materials i.e. both coal and iron ore. As regards iron ore, mining leases of more than 200 merchant mines have expired in March, 2020 and these mines are going the auction route. As such, any significant delay with respect to auctions and more specifically lease transfers will substantially affect iron ore supply and prices, thereby putting further pressure on sector profitability. However, our Company has safeguarded itself against these risks to a

significant extent by opening its captive iron ore mine in Sirkaguttu, State Odisha this year. Further, as regards coal, the Company has in place Long Term Linkage from Coal India Limited for supply of Coal at a stable price.

## Internal Control System and their Adequacy

The Company has in place an adequate system of internal control commensurate with its size and nature of business. The system provides a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding the assets of the Company and ensuring compliance with corporate policies. The Company has availed the services of independent professional firm for Internal Audit. The Internal Auditor

monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating system, accounting procedures and policies of the Company. The Internal Auditor reports to the Chairman of the Audit Committee of the Board. Audit Committee periodically reviews the Internal Audit Reports and issues guidance and advice. Minutes of the Audit Committee are put up to the Board of Directors. The Audit Committee seeks the views/opinions of statutory auditors on the adequacy of the internal control systems in the Company.

The Company's Audit Committee reviews adherence to internal control systems, internal audit reports and legal compliances. The committee reviews all quarterly and yearly results of the Company and recommends the same to Board of Directors for its approval.

## Material developments in human resources/industrial relations front, including number of people employed

Human capital is one of the key resources which ensure business sustainability and continuous growth. Cognizant of the importance of human resource (HR), the Company constantly works towards building a safe, conducive and productive environment for all its employees at all operations. Regular and periodic skill and personnel development training are provided to all employees, wherein they can develop their own strengths and deliver their expertise in the interest of the Company. The Company's prime focus continues to be on the health & safety of its employees.

The Company has maintained healthy and cordial industrial relations during the year

## RATIO ANALYSIS

S.No.	Particular	Units	FY 2020	FY 2019
1.	Debt-Equity Ratio	Times	0.13	0.15
2.	Current Ratio	Times	1.01	1.00
3.	Operating Profit Margin	%	11.97	22.08
4.	Net Profit Margin	%	3.84	14.89
5.	Interest Coverage Ratio	Times	3.84	7.76
6.	Debtors Turnover Ratio	Times	17.22	23.85
7.	Inventory Turnover Ratio	Times	16.06	15.38

**IBUSINESS RESPONSIBILITY REPORT****Section A: General Information about Company**

1. Corporate Identity Number	: L27109HR1980PLC010724
2. Total Turnover (₹ in Lakhs)	: 297364 (Standalone)
3. Total Profit / (Loss) after taxes (₹ in Lakhs)	: 11405 (Standalone)
4. Total Spending on CSR as % profit after tax	: 6.16%
5. List of activities in which CSR expenses incurred	: Investorshelpline@prakash.com
6. Financial Year Reported	: 2019-20
7. Sectors engaged in	: Power generation & Steel
8. Key products / services Company manufacturers	: Steel & Power
9. Number of locations where business is undertaken	
i. International locations	: Nil
ii. National locations	: 4
10. Markets served by the Company	: Throughout India

**Section B: Financial Details of the Company**

	: (₹ in Lakhs)
1. Paid-up Capital (₹)	: 17126.38
2. Total Turnover (₹)	: 297364 (Standalone)
3. Total Profit / (Loss) after taxes (₹)	: 11405 (Standalone)
4. Total Spending on CSR as % profit after tax	: 6.16%
5. List of activities in which CSR expenses incurred:	
a) Water resource management.	
b) Promotion of education in all villages nearby our industry.	
c) Health care & medical camps.	
d) Woman's empowerment.	
e) Infrastructure development	
f) Environmental awareness- Plantation and water conservation.	
g) Expenses on social causes.	
h) Training to rural sports, nationally recognized sports	
i) Promotion and development of traditional arts	

**Section C: Other Details**

1. Details on subsidiary companies	: Nil as on March 31, 2020
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company?	: Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	: Not Applicable

**Section D: BR Information****1. Details of Director / Directors responsible for BR**

- Details of Director responsible for implementation of BR policies - Director Identification Number - DIN  
BR functions are monitored by the Corporate Social Responsibility Committee of the Board of Directors. The details of the Committee are provided in the Corporate Governance section of this report.
- Details of BR Head: The Board has not assigned responsibilities specifically to any Director to function as the BR head. The CSR committee of the Company is under the Chairmanship of Shri Vikram Agarwal

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Details of Shri Vikram Agarwal are as follows:

DIN : 00054125

Name : Shri Vikram Agarwal

Designation : Managing Director

Telephone : 011-25305800

Email ID : pilho@prakash.com

## 2. Principle-wise (as per NVGs) BR policy / policies

- |    |  |
|----|--|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.  |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.                                     |
| P3 | Businesses should promote the wellbeing of all employees.  |
| P4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised. |
| P5 | Businesses should respect and promote human rights.  |
| P6 | Businesses should respect, protect, and make efforts to restore the environment.   |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.  |
| P8 | Businesses should support inclusive growth and equitable development.  |
| P9 | Businesses should engage with and provide value to their customers and consumers in responsible manner.  |

### 3. Principle-wise BR policy - As per National Voluntary Guidelines Questions

[illegible]

**4. Governance related to BR**

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.**

The Senior Management of the Company reviews BR performance on an on-going basis. Reviews by the Board/Committees constituted by it are also undertaken.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it's published?**

The Business Responsibility Report (BRR) of the Company will be compiled on a standalone basis from financial year 2021-22 onwards and the same will be also viewed on the website of the Company [www.prakash.com](http://www.prakash.com)

**Section E: Principle-wise performance****Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Yes, matters of accountability, transparency and eathical conduct are an integral part of the Company's value system. The Company's corporate governance principles are anchored on these three elements of its value system. There is a defined set of inter-woven policies and guidelines which are put in place and applicable to both the employees and directors.

The policy takes into account the feedbacks and periodic reviews of the guidelines to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and other stakeholders.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The policy takes into account the feedbacks and periodic reviews of the guidelines to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and other stakeholders.

The Company has set up as per the requirements of the Statute and the Listing Regulations, 2015 issued by SEBI, a Committee of the Board called "Stakeholders Relationship Committee" to look after the grievances of the investors. The Committee meets at least once in every quarter to look into complaints from Investors. During the year ended March 31, 2020, the Company has received both directly as well as also through the Regulatory agencies such as SEBI, the Stock Exchanges, a total of 12 complaints, of which related to non-receipt of Annual Report, non-receipt of dividend for the year 2010-11, 2011-12, 2012-13, 2013-14 and 2018-19. All the complaints have been satisfactorily resolved and no complaints were pending / outstanding as on March 31, 2020.

**Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company has committed to environmental, social responsibility, customer satisfaction, legal statutory requirements and quality based production through selection of state-of-the-art project execution / construction technologies for implementation of the projects. The Company is certified with Integrated Management System ensuring the Quality / Environment and Occupational Health / Energy management systems of the organization. The Company ensure that it's all product / process address the environmental / safety and social concerns at the design stage itself through selection of state-of-the-art project execution / construction technologies for implementation of the projects stage. The Company emphasises to use the higher efficiency machines / equipments and technologies for the product and processes in the Integrated Steel and Power Plant. The Company focus on the environment protection by installing the Pollution control devices like High efficiency of Electrostatic Precipitators, Bag Filter System, fume extraction system, Venture Scrubber System, Dust suppression Systems and High Stacks are provided to control & prevention of emissions to ensure the healthy and

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clean environment to employees and society. The Company has installed the Online Continuous Emission & Effluent Monitoring Systems for monitoring emission in self - monitor-basis

The Company ensure the optimum use of the natural Resources and Minerals by increased efficiency and implementing the energy conservation and cost reduction Projects for Energy and Water Saving. The company's Integrated Steel Plant maintained ensure ZERO discharge conditions by utilizing the recycled water by efficient Effluent Treatment Plant & Sewage Treatment Plant to conserve resource water, which used in ash water recirculation system, water spraying system & plantation and Rain & Roof water harvesting systems are provided to maintained water level in the area.

The Company also implemented the Green belt development programme and to conserve natural resources, Waste Heat Recovery Boilers are installed & generated coal char from Sponge Iron Plant is recycled and used as fuel in Captive Power Plant & metal recovered from wastes slag is reused in Steel making. The optimum use of natural resource an integral part of Company's growth strategy. As the best-in class technology is used for setting up our plants & our operations are designed to reduce the consumption of natural resources, auxiliary consumption of electricity, fuel and water.

The Company recognizes the critical need for inclusive growth. The locations of our Integrated Steel Plant are in economically backward regions of India. Proactive engagement with the local community is maintained by providing the employment, contract and other work as per their skill and capability.

The Company has committed to various capacity building programmes in education, healthcare, livelihood development and infrastructure have been implemented with active participation of local communities through our CSR team. Dedicated resources have been put in place to determine and monitor the efficiency of each capacity building programme.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

- (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company is committed towards sustainable economic development and plays a key-role in addressing the challenges facing the environment. The Optimum use of the resources like energy, water and raw material is a key performance indicator for each and every process of our integrated steel plant. In order to achieve the goal we have started using efficient fuel and raw material to maximize the yield with lower consumption. The Company has adopted the energy efficient technologies and processes to conserve the energy and having the water treatment facilities to maximum recycle of processed water and use in various areas and conserve the water. The Company also believe in using the all waste of the processes by using various recovery processes and utilize the recovered material in the steel making and power generation processes, which will leads to reduce the raw material consumptions and conserve natural resources. The Company achieve these challenges in a holistic manner by pursuing innovative approaches and adopting the best practices.

- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company has achieved the reduction of Energy and Water consumption by adopting the energy efficient technologies and processes to conserve the energy and having the water treatment facilities to maximum recycle of processed water and use in various areas and conserve the water.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, The Company has defined processes and procedures in place for sustainable sourcing. The Company ensure the effective transport routes and modes for its major raw materials (Coal / Iron Ore) by using the Rail / Road etc. The Company ensure the optimum transportation is used during its manufacturing process. The Company take care to incorporate the desired processes to integrate and internalize the ethos of sustainable sourcing and optimum utilisation across all resources including the critical ones that are land, Coal, iron ore, water and human resource. Adoption of cleaner technologies further reduces the consumption of fuel and water requirement for plant operations.

The Company use the combination of rail and road route mode for the transportation of its major raw material from the Mines and other sources. Water for the purpose of operations is sourced from the rivers and transported

through dedicated pipelines. The discharge from the plants is recycled and reused for other secondary requirements.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company believes in inclusive development and has been promoting the same by encouraging small and local vendors and extending them preference over the others while awarding the contracts. Local vendors are encouraged for procurement of construction material, as civil contractors, for transportation related jobs, Housekeeping related jobs, Manpower Contract apart from sourcing for meeting support services like employee transportation, raw materials required for Canteen and allotment of the shops inside the Company premises etc. To gainfully engage and build capacities of the local people by keeping them as apprentice and impart on the job Training to build their capacities and adequately skill those to meet the requirement of the jobs awarded.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

S.No.	Product /Waste Recycling	% age of re-use /recycling	Details
1.	Hazardous waste	100%	Sold to CPCB Authorized Re-cyclers for optimum use of natural fuel.
2.	Ash Handling Water	100%	Proper network pipeline has implemented for ash water for recalculation through Effluent Treatment Plant.
3.	Effluent	100%	Effluent Treatment Plants have provided for treatment of all waste water of the Plants & ZERO discharged condition is being maintained.
4.	Fly ash	100%	Used in Fly ash Brick Machine in the plant premises & Brick Manufacturing plant of nearby villages and supply to Cement plant for use of fly ash and filling of abandoned mines and land filling as per the norms of CPCB.

**Principle 3: Businesses should promote the well being of all employees.**

1. Please indicate the Total number of employees.

The Company has 6937 employees which include permanent employees and those on contractual basis at March 31, 2020.

2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.

The Company has 4719 employees hired on contractual basis.

3. Please indicate the Number of permanent women employees.

Total numbers of permanent women employees in the Company are 03 for the said period.

4. Please indicate the Number of permanent employees with disabilities

There are 03 permanent employees with disabilities in the Company.

5. Do you have an employee association that is recognised by management?

Yes, The Company has a recognized employee association "PRAKASH EMPLOYEES UNION (INTUC)" which is recognized by the management and the Management and Union work together for wellbeing of the employees and inclusive growth of the organization.

6. What percentage of your permanent employees is members of this recognised employee association?

98%

7. Please indicate number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

NONE, The Company do not engage any child labour and forced labour and Involuntary Labour in the Organization and we have no complaints relating to child labour, forced labour, involuntary labour, sexual Harassment in the last financial year and pending, as on the end of the financial year.

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**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- \* Permanent Employees: 74%
- \* Permanent Women Employees: 100%
- \* Casual/Temporary/Contractual Employees: 100%
- \* Employees with Disabilities: 02

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**

**1. Has the Company mapped its internal and external stakeholders? Yes / No**

Yes, The Company has mapped its internal as well as external stakeholders. Our Internal Stake holders are all Employees working in the organization and external stake holders are suppliers / Vendors / nearby Community/ Contractors / Govt. Institution / NGO and other interested parties for the development of socioeconomic development of the plant vicinity.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders?**

Yes.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company engages with stakeholders through multiple channels of communication both formally and informally. The Company have developed internal systems and procedures to identify, prioritize and address needs and concerns of stakeholders at various levels. Likewise, various departments have been entrusted with the responsibility of interacting and engaging with stakeholders.

This includes focus on:

- a. The Company works with the local administration to undertake rural development projects such as construction of road, drainage facilities, renovation of pond, construction of bathing places and community hall.
- b. The Company work for development and livelihood projects such as spreading awareness about sanitation, hygiene, vocational training and entrepreneurship.
- c. Extend support to children from earmarked marginalised communities for their education in the nearby schools / Colleges.
- d. Women empowerment through promoting women based groups and focused initiatives including skilling and livelihood.
- e. We have been extending support to widows by way of pensions.
  - i. Provide apprentices to the nearby students to increase their skill and groom them as employable and give them jobs as per their skill.
  - ii. Focus on sanitation across community as well as private places including schools, individual households, community places like markets, community halls etc. Promoting resource sufficiency for clean drinking water, clean air and green ecosphere.

**Principle 5: Businesses should respect and promote human rights.**

The Company has abide & stipulated with respect to promote human rights as well as all Government Plans. Policies of the Company has constipating the human rights aspects of its employees, business & Industrial relationship, community with Industrial sector and other resources associated with matters relating to the construction / operation of the plants. No Complaints have not been received in the past financial year on human rights.

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

Yes, The Company has a policy which covers human rights. The Company is committed to uphold and maintain the dignity of all employees and it has in place a policy which provides for protection against any problems



occurred at work places and has a system of redressal of such complaints. During the year under review, no such complaint was received.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaints on Human Rights were received during the year

**Principle 6: Business should respect, protect and make efforts to restore the environment.**

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures/ Suppliers/Contractors/NGOs/others?**

The Company has certified an Integrated Management System for Environment, Occupational Health & Safety and Quality Management for Operation, Maintenance, Customer satisfaction & legal requirement. The IMS Policy is not only applicable to the Company but it is ensured that the Supplier / Contractors / NGOs and other group / Joint Venture has to follow the guideline and Integrated Management Policy to protect and restore the environment. The all stakeholder of the Company are abiding by the IMS policy and follow the same in true spirit for protecting the Environment.

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc?**

The Company has certified an Integrated Management System for Environment, Occupational Health & Safety and Quality Management for Operation, Maintenance, Customer satisfaction & legal requirement. The environmental standard are identified, categorised and mapped for its impacts on surrounding area. Station specific respective SOPs are developed to address various issues through Environmental Management Plan. The Integrated Steel Plants are designed and optimised for minimal consumption of natural resources for maximum output thus most taking care of global warming and climate change. The Company carried out extensive Green Belt Development in the in plant as well as in nearby vicinity. In order to create and disseminate the awareness on the Environment, the Company organize and host the World Environment Day, National Energy Conservation day in the Company every year. The Company ensure reduce / Reuse / Recycle of the Waste generated in the process which ultimately leads to conservation of natural resources and Minerals.

The Company has also implemented Energy Management System which emphasis on using the Energy Efficient processes and technologies. Our Energy Policy Promotes to energy efficient procurement and optimize the energy uses in the operational processes and adopting the energy efficient technologies and products.

3. **Does the Company identify and assess potential environmental risks? Y/N**

Yes, The Company has identified and assessment potential environmental risks through Aspect Impact Analysis in Integrated Management System which are implemented.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

No

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc.**

Yes, The Company consider the Clean technology , Energy Conservation as part of its process and the Company is implemented the ISO-50001 Energy Management System and continuously identifying the and Implementing the energy conservation proposal in all plant by adopting the new technology Energy Efficiency Improvement, Waste reduction and Utilizations of Waste and Recycle of water and other natural resources and Improvement of Environment by using the latest pollution abatement technologies for ensuring Environment Friendly Work Environment .

The Company also Engage the expert like Confederation of Indian Industry for carrying out the Energy Audit and recommend the Proposals for the Energy saving and Efficiency Improvement , which is also implemented by the plant.

The Company has been expanding its business operation, while, continuously reinforcing its Social Responsibility for the Nation as a whole. The Company has always been deeply apprehensive about the dwindling scenario of the

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forests, in particular vis-a-vis its gradual toll in the form of rising wastlands, the climate auguries and the environmental imbalance. As a matter of fact, the Company through its continuous efforts has successfully managed to initiate an extensive Afforestation / Reforestation project on the degraded lands to mitigate the Climate Change & benefit the society. The Company has performed projects The Asia - pacific's First VCS - Carbon trading Forestry project has been successfully taken up by an Indian Corporate.

Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emissions/waste generated of Integrated Steel plants are within the stipulated limits given by CPCB / SPCB and we have installed the latest Online Monitoring System as prescribed by the CPCB / SPCB. All the Waste generated through the process is well within the permissible limit and the waste management is also strictly carried out as per the norms and guidelines of the statutory bodies and CPCB/ SPCB.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

- a. PHD Chamber of Commerce & Industry
- b. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

The Company does undertake constructive advocacy with Central as well as State level entities to positively contribute and influence the development of Steel Sector. As an organisation we do not engage in any form of lobbying.

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8 If yes, details thereof.**

The Company has implemented the Integrated Management System and formulated and implemented the IMS policy which ensure the inclusive growth and equitable development of all stake holders of the Company. The Company's approach towards Corporate Social Responsibility (CSR) is to interweave social responsibility of surrounding area into Company's mainstream business functions by translating our commitments into the Company's policies. These policies are guidelines and yardstick to perform all operational and services function in the organization. These Policies not only motivate our employees, but also influences our stakeholders especially partners and suppliers, to embrace responsible business practices in their respective spheres of action.

The Company lays special emphasis on bringing about a tangible change in the lives of people living in rural and underserved areas by engaging them in various work and assigning the contract and giving them the employment according to their skill to ensure the livelihood of the nearby community.

**2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO/ Government structures/any other organisation?**

The CSR is the integral part of the Company policy and all CSR initiatives is being planned, executed and monitored by the dedicated CSR Team. The Company's Corporate Social Responsibility (CSR) initiatives are implemented through delivery mechanisms comprising of employees, local bodies, non-governmental organisations, not-for-profit entities and government institutions etc.

The interventions are carried out in tandem with local Government bodies to meet the social mandate for the earmarked communities. The execution of the programs under the thematic heads Education, Healthcare, Rural Transformation, Environment and Sanitation are carried out with the support from development sector

organisations and institutions apart from implementation through respective CSR teams. Employee volunteering also acts as a critical implementing arm across for the earmarked communities.

**3. Have you done any impact assessment of your initiative?**

No.

**4. What is your Company's direct contribution to community development projects (amount in INR and the details of the projects undertaken).**

The Company have spent ₹ 702.49 Lakhs as direct contribution to community development projects under the heads of Education, Healthcare, Rural transformation, Environmental awareness, Plantation programme, water facility & conservation, promotion of Sports and Social causes. These projects are directly intended for improving the quality of life of community with well designed strategies of Better Health Education and sustainability.

The Company provide the Community Hall / School building / Drinking Water Facility to near by villages and also give the pensions to widows and handicapped person in surrounding villages to ensure their livelihood.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The CSR is the integral part of the Company policy and all CSR initiatives is being planned, executed and monitored by the dedicated CSR Team. The Company regularly evaluates the performance and impact of its CSR programmes. The CSR Team conducts assessments internally to keep strengthening the interventions. The CSR programmes and intervention are aligned with Govt. mandate of Local and State Level and as per the specific needs of the Community.

The Company is closely working with nearby community in creating meaningful partnerships through various CSR Programs for engagements and involvement and ensure the transparency in our processes across board. This is undertaken by initiating meaningful ground level participation with local bodies / institutions / NGOs to support and augment interventions in nearby areas by ensuring stakeholder engagement to identify their perceived needs and develop the CSR Programmes to cater the requirement and need of community.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

The Company's main products are Sponge Iron / Billet / TMT Bars, Wire Rods, Structure Steel and Ferro Alloys and main consumers are C&F Agents / Steel Manufacture's Plant. The Company have ISO-9001 Quality management Systems Certified Organization, which ensures the Quality and Specification are met as per the customer specification and laid down procedure for customer complaint handling & redressal and all the customer complaint are received is adequately and appropriate resolved on time and there is no customer complaint and / consumer case is pending during this Financial Year.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information)**

Yes. We mentioned the Company Name on the Product and it is adequately tied up for safe handling during uses as our product is used for infrastructure and construction activities.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

No cases have been filed by any stakeholder against the Company regarding unfair trade practices during the year under review.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

No, the Company ensure that any complaint recd. from stakeholder are adequately addressed and promptly attended to resolve the complaint up to the satisfaction level of customer.

**INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 134(3) (m) OF THE COMPANIES ACT 2013; READ WITH RULE 8 OF COMPANIES (ACCOUNTS) RULES 2014 REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**A) CONSERVATION OF ENERGY**

**I) STEPS TAKEN FOR IMPACT ON CONSERVATION OF ENERGY**

The Company considers Energy Conservation as part of its process and has implemented ISO-50001-Energy Management System for continuously identifying and implementing the energy conservation proposal in all plants by adopting new technology, Process Optimizations, Cost reduction, Efficiency Improvement, Waste reduction and Utilizations & Recycle of water & natural resources and Improvement of Environment by using the latest pollution abatement technologies for ensuring Environment Friendly Work Environment. .

The Company has engaged the Confederation of Indian Industry for carrying out the Energy Audit and recommend the Proposals for the Energy saving and Efficiency Improvement, which is also implemented by the plant. Some the Steps implemented are as follows-

**Sponge Iron Division**

1. Increase the Production of DRI by increased use of Imported coal in the DRI Process, High Grade and sized Iron Ore, accretion formation was controlled and better productivity was achieved which has resulted into reduction of Carbon to Iron ratio (C/Fe) & Coal Consumption.
2. Replacement of old motors of Shell Air Fan with Energy Efficient Motor in Kilns for energy conservation and Replacing LED light in place of HPSV for energy conservation.
3. The Company has started using Refractory- Claderys Castable of low thermal conductivity (LCM-70) for Longer Campaign life, Reduce the Heat / Radiation Losses and optimizes the refractory Consumptions in Long term.
4. Shell air fans of higher capacity have been installed in kiln-1 and 2, after which, there is enhancement of feed rate by 2-3MT/hr in these two kilns, resulting in increase in power generation through WHRB.
5. Kiln 6 ID Fan replacements with reliable and efficient ID Fan for enhancing Productivity, Increase Feed rate and WHRB power generation leading to Saving of Coal and Energy Consumption and improve the combustion in ABC for reducing and optimizing the Loss of Ignition (LOI).

**Induction Furnace Division**

1. Introduced and using the Air pre- heater in all our furnaces for early sintering of Crucible which is ultimately reduce the sintering heat time and reduced the power consumption and increases the furnace availability.
2. Introduced and Implemented the 900 mm mould tube in CCM in place of 800 mould tube size which is facilitating in increase of casting speed and reduces the furnaces holding time and it facilitate to more throughput and reduced energy loss and specific power consumption.
3. Introduction of better Ramming Mass and improved the Patching life by resulting minimize of sintering heat which resultant in improvement in productivity & reduction of power consumption.
4. Replacing old inefficient induction furnaces with latest technology efficient furnaces required full digitalization for lower Energy Consumption.
5. Happy induction flux has been introduced to use maximum Pellet along with Lumps to reduce furnace jamming tendency and optimize heat time for smooth operation leads to energy conservation.

**SAF Division**

1. Furnace lining and Pasting of SAF 6 was replaced and strengthened which lead to prevent the frequent tap hole leakages problem resulting into reduction of downtime and increased the productivity resulting into reduction of specific power consumption and it also eliminated the unsafe practices.
2. The Ceramic blankets and ceramic rope are installed in the Furnace Mantle and Protection Shield in SAF 7, 8, 9 to reduce the heat losses and control fugitive emission, which leads to energy savings.
3. Up-gradation of Pollution control system of SAF 7, 8, 9 and Sinter plant to control fugitive emission and efficient process operation with full capacity for more productivity to optimize the specific power consumption and auxiliary power consumption.
4. Modified the Furnace Hood and repositioning was carried out in SAF 7 to avoid frequent breakdowns of furnace. This leads to reduce the downtime and increase the availability, production and energy savings.
5. HPSV light is being replaced by LED light for Energy Saving Purpose and Energy Efficient motors installed in SAF and Sinter Plant for Energy Conservations and Installed the AHFC Panel in SAF 7, 8 & 9 for Power Factor Improvement.

**Power Plant Division**

1. Performed the Condenser cleaning with efficient method for improving the vacuum and also have online condenser cleaning system for ensuring the sustenance of the vacuum level for optimized steam consumption in the turbines.
2. Replacement of economizer coils and bed coils of FBB-6 and APH tubes in AFBC boiler FBB-2&3 boilers for increasing of availability and reliability of boilers in power plant leads to optimize the fuel consumption and more power generations.
3. Installed 02 pneumatic control valves at startup vent valve of AFBC boiler FBB-4 & 6 in order to arrest the steam passing and leakages leads to control steam loss from existing MOV for energy conservation.
4. Coal Additive Application of Multifunctional Combustion Catalyst and achieved the Coal Savings in Boiler and also Reduction in Loss of Ignition resulted this fly ash become usable for cement plant and it is being sent to cement plant in closed bulker, which is also contributing for environment improvement as well as creating the wealth from waste.
5. Installation & Commissioning of WHRB 6, TURBINE unit resulting increase in power generation Extra power with the help of WHRB-6 steam & line loss control of Steam between WHRB # 4,5&6 steam header to TG # 6,7 & 8. New cooling tower installed and commissioned for same.
6. Implementation of Auto Power factor control of Grid through logic in TURBINE-8 DCS System and Installation of modules in TG # 6&7 DCS & logic developed for continuous monitoring of vibrations of TG for safety of TG

**II) STEPS TAKEN BY THE COMPANY FOR UTILIZING ALTERNATE SOURCES OF ENERGY**

1. Continuous Reuse and recycle of backflow material in the Kilns for partly replacing fresh coal in the feeding
2. Established and continuously using the Coal Additive Application of Multifunctional Combustion Catalyst and achieved Coal Savings in Boiler and also Reduction in Loss of Ignition.
3. Utilizing the DRI Cooler Oversize and Kiln Accretion Waste Material through Processing and being used in SAF Division
4. Start the Recovery of SAF Slag and utilize in the IFD for making of Steel.
5. Kiln Spillage material and Back Flow Coal Fines is utilizing in making the sinter for using in SAF production

**III) CAPITAL INVESTMENT ON ENERGY CONSERVATION EQUIPMENTS**

S.No	PROJECT TITLE	₹ In lakhs
1.	VFD installation in the plant for energy conservation	5.31
2.	Installed the AHFC Panel in SAF 7 8 9 for Power Factor Improvement.	21.24
3.	Kiln 2 Tyre and Shell Replacement and Cooler Shell Segment Replacement	269
4.	Kiln 6 ID Fan replacements with reliable and efficient ID Fan	66
5.	Stack Cap replacement done in Kiln 3 and 4 for Optimize the emission	2.27
6.	Installed 03 nos. big size diameter 185 0mm Circular magnet CRANE	34.69
7.	Pollution control system capacity increased of SAF 7, 8, 9.	36.5
8.	Up-gradation of Sinter plant Pollution control system with efficient 02 Nos. Ventury Scrubber.	42.48
9.	Six Nos. Mercury analyzers have been installed at all the AFBC boiler	101.59
10.	One O2 analyzer installed at FBB # 6	3.65
11.	Redundant UPS power source system for WHRB #6 & TURBINE DCS.	0.85
12.	Procurement of energy efficient LED lights	18.18
13.	Procurement and Installation on energy efficient motors	42.54
14.	Procurement and Installation of energy efficient pumps	52.45
15.	Installation of Air Pre heaters in Induction Furnace Division	111.83
16.	Installation of capacitor bank in plant for improving the power factor	5.01
17.	Online condenser cleaning system installation in TG for Vacuum improvement	18.2
18.	Installed 02 pneumatic control valves at start up vent valve of AFBC boiler FBB -4 & 6	27

# PRAKASH INDUSTRIES LIMITED

## B) TECHNOLOGY ABSORPTION

### (i) EFFORTS MADE TOWARDS TECHNOLOGY ABSORPTION

Company is committed to use latest technology ensuring maximum efficiencies, highest productivity and least cost. For this Company is buying equipments only from renowned suppliers having tie-up for the latest technology available globally

### (ii) THE BENEFITS DERIVED LIKE PRODUCT IMPROVEMENT, COST REDUCTION, PRODUCT DEVELOPMENT OR IMPORT SUBSTITUTION

SNO	PROJECT TITLE	BENEFITS DERIVED
<b>A. Sponge Iron Division</b>		
1.	Introduced and installed the Feed Tube with Liner in the Kilns	Increase of the feed tube life and Kiln Availability
2.	Change the MOC of Air Tubes and started using high Ni tubes in place of conventional HK 40 air tubes in kilns	Life of Air Tubes improved to enhance productivity & increase availability of Kilns
3.	Installed New Design of Hydraulic Transfer Chute adopted in Kiln 6 to reduce downtime and increase the availability	Reduction of Downtime and increase availability
4.	Kiln-2 Tyre & Kiln-2 Shell and Cooler Shell Replacement.	Enhance the campaign Life of Kiln and controlling the Heat / Energy Losses.
5.	Kiln 6 ID Fan replacements with reliable and efficient ID Fan	To enhance Productivity, Increase Feed rate and WHRB power generation leads to Saving of Coal and Energy Consumption
<b>B. Power Plant Division</b>		
1.	Installed 02 pneumatic control valves at startup vent valve of AFBC boiler FBB -4 & 6	Controlled steam loss from existing MOV for energy conservation
2.	Replacement of economizer coils and bed coils of FBB-6 and APH tubes in AFBC boiler FBB-2&3.	Improved the reliability of the Power Plant
3.	Installed and implemented the Redundant UPS power source system for WHRB 6 & TURBINE DCS	Interrupted power supply to DCS form smooth operation
<b>C. Induction Furnace Division</b>		
1.	Installed 03 nos. big size diameter 1850 mm Circular magnet CRANES in IFD Division.	Improved the Availability of Magnet Cranes and reduced the crane movement and saving of auxiliary power
2.	Introduced 900 mm mould tube in two sheds in places of existing 800mm mould tube size	Increased casting speed of concast therefore, reduces the holding of furnaces and leads to more production
3.	Replacement of old inefficient induction furnaces with latest technology digital furnaces with full for lower Energy Consumption	Energy Saving and better Production
<b>D. SAF Division</b>		
1.	The Ceramic blankets and ceramic rope are installed in the Furnace Mantle and Protection Shield in SAF	To reduce the heat losses and control fugitive emission which leads to energy savings.
2.	Smoke Hood and Electrode mantle replacement in SAF-7,8 & 9 as partial deformation leads to frequent breakdowns of Furnaces	Reduced the FC Downtime & avoided Frequent Displacement of Contact Clamps and Misalignment of Pressure ring from its original positions led to better and smooth operation

**PROCESS IMPROVEMENT**

1. Use of Coal Dryer in Sponge Iron Division during rainy Season for Removal of Moisture from Coal for better productivity in Monsoon
2. Installed New Design of Hydraulic Transfer Chute in Kiln 6 to reduce downtime and increase the availability
3. Kiln 6 ID Fan replacements with reliable and efficient ID Fan for enhance Productivity, Increase Feed rate and WHRB power generation leads to Saving of Coal and Energy Consumption
4. Happy induction flux introduced to use maximum Pellet along with Lumps to reduce furnace jamming tendency and optimize heat time for smooth operation leads to energy conservation in IFD
5. Optimized the Continuous Casting Machine Process with overhauling and maintenance leads to reduction in Frequency Rate of CCM breakouts leads to reduce the Furnace Hold time and reduces skull generation which directly leads to reduction of power consumptions
6. Furnace lining and Pasting of SAF 6 was replaced and strengthened to arrest frequent tap hole leakages problem which leads to reduce in the downtime and increased the productivity resulting into reduction of as specific power consumption and it also eliminated the and unsafe practices.
7. Modified the Furnace Hood and Repositioning was carried out in SAF 7 to avoid frequent breakdowns of furnace. This leads to reduce the Downtime and increase the availability and production and energy savings.
8. Performed the all Cooling Tower Cleaning and Overhauling for improving and optimizing the Cooling Efficiency to improve the performance of Turbines and leads to reduction of Auxiliary power consumption
9. Plastic refractory applied In FBB 6 and FBB 7 boiler bed coils for increasing of life of tubes and avoiding direct hitting by bed material to bed coil tubes during operation.
10. New Islanding logic has been incorporated for TG # N1, N2; N3 & N4 for individual islanding of TG, resulting restoration time of Turbines reduced and accordingly reduced the generation losses.
11. New Logics is developed and successfully implemented to avoid the false tripping of Turbines due to malfunctioning of vibration probes, Temperature, pressure, level transmitters. This led to flawless operation and reduces the downtime and ensures reliability.
12. Installation of modules in TG # 6&7 DCS & logic developed for continuous monitoring of vibrations of TG for safety of TG
13. Six Nos. Mercury analyzers and One O2 analyzer have been installed at all the AFBC boiler chimneys to monitor & control the Oxygen percentage in the boiler furnace and Mercury level in the flue gases
14. Implementation of Auto Power factor control of Grid through logic in TURBINE -8 DCS System and Installation of modules in TG # 6&7 DCS & logic developed for continuous monitoring of vibrations of TG for safety of TG

**PRODUCT DEVELOPMENT**

Company has pull all possible efforts with adoption of best available technologies to develop the manufacturing of various products, best in the industry

**INFORMATION REGARDING IMPORTED TECHNOLOGY ( LAST THREE YEARS)**

S.No.	TECHNOLOGY IMPORTED	YEAR OF IMPORT	STATUS	WHETHER THE TECHNOLOGY FULLY ABSORBED
i)	Nil	Nil	Nil	Nil

**EXPENDITURE ON RESEARCH AND DEVELOPMENT ( R&D)**

Expenditure on R & D has been charged in primary heads of accounts.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

a) **Activities relating to Exports and Export Plans:** The Company is making efforts to develop markets for exports.

b) **Total foreign exchange used and earned:**

	This Year (₹ in lakhs)	Previous Year (₹ in lakhs)
i) Foreign exchange used	173	247
ii) Foreign exchange earned	—	—

# PRAKASH INDUSTRIES LIMITED

## Independent Auditor's Report

To  
THE MEMBERS OF PRAKASH INDUSTRIES LIMITED

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the accompanying financial statements of Prakash Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter(s) described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

- (a) Note 38 to the statement of financial statement, in respect of adjustment of liability of ₹ 2,400 lakhs being amount paid/payable pursuant to a settlement of claim by the Company through mediation in court, by withdrawing an equivalent amount from general reserve. Had this adjustment not been made, net profit after tax and total comprehensive after tax for the year ended on March 31, 2020 would have been lower by ₹ 2,400 lakhs.
- (b) Note 36 and 39 to the statement of financial statement, wherein the deferred tax liability of Rs 883 lakhs and ₹ 5,326 for the quarter and year ended on March 31, 2020 respectively has been adjusted against Securities Premium Account in terms of a court order. Further, unused MAT Credit Entitlement utilized during the year for the net increased tax liability of previous financial year, determined at the time of filing of return of income, aggregating to ₹ 4,078 lakhs have been adjusted against the opening balance of retained earnings. Had the current tax and deferred tax been accounted for pursuant to Ind AS -12 'Income Taxes', tax expense would have been higher by ₹ 9,404 lakhs and net profit and total comprehensive income after tax for the quarter and year ended on March 31, 2020 would have been lower by ₹ 4,961 lakhs and ₹ 9,404 lakhs respectively.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

S No.	Key Audit Matters	Auditor's Response
1.	<p>Coronavirus disease 2019 ('COVID-19'), was declared a global pandemic by World Health Organization.</p> <p>Due to COVID -19 Ministry of Health affairs (MHA) has announced complete lock down from from 23rd March,2020 to all over India, in line with the MHA direction, the State Governments of Chhattisgarh, has also announced Lock down and Company temporarily suspended the operations of its manufacturing units at both locations till 31st March 2020; and subsequently upto further dates as instructed by the State Governments.</p>	<p>We have performed the following procedures to assess and evaluate the impact on financial statements because of business decisions, government actions or economic environment developments:</p> <ul style="list-style-type: none"><li>- Performed cut-off procedures to ensure sale (if any) during the lockdown period.</li><li>- Enquired with the Company on any information on the liquidity position of any dealers; and ascertained the need for any additional provisioning for impairment/ credit loss in the financial statements.</li><li>- We assessed the disclosures on COVID-19 made in</li></ul>



# PRAKASH INDUSTRIES LIMITED

S No.	Key Audit Matters	Auditor's Response
	<p>COVID-19 has resulted in restriction in movement of goods during the lock down period impacting normal business operations for the Company including revenues, receivables, purchases including services and inventories at the year-end and hence considered key audit matter.</p>	<p>the financial statements.</p> <ul style="list-style-type: none"> <li>- Our ability to perform regular audit procedures has been impacted which has required us in certain cases to perform alternative audit procedures and exercise significant judgment in respect of the following: <ul style="list-style-type: none"> <li>a) Audit and quality control procedures which were earlier performed in person could not be performed; and hence alternative procedures have been performed based on inquiries (through phone calls, and e-mail communications) and review of scanned documentation sent through e-mails, followed up with sighting with original documents.</li> <li>b) Year-end inventory observation of inventory counts could not be performed. However, inventory counts were observed subsequent to year-end; and rolled back to year-end.</li> </ul> </li> </ul>
2.	<p>Assessment of litigations and related disclosure of contingent liabilities. Refer to Note 32 to the Financial Statements- "Use of estimates and critical accounting judgements - Provisions and contingent liabilities".</p> <p>As at March 31, 2020, the Company has exposures towards litigations relating to various matters as set out in the aforesaid Notes. Significant management judgement is required to assess such matters to determine the probability of occurrence of material outflow of economic resources and whether a provision should be recognised, or a disclosure should be made. The management judgement is also supported with legal advice in certain cases as considered appropriate. As the ultimate outcome of the matters are uncertain and the positions taken by the management are based on the application of their best judgement, related legal advice including those relating to interpretation of laws/regulations, it is considered to be a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- We understood, assessed and tested the design and operating effectiveness of key controls surrounding assessment of litigations relating to the relevant laws and regulations;</li> <li>- We discussed with management the recent developments and the status of the material litigations which were reviewed and noted by the audit committee;</li> <li>- We performed our assessment on a test basis on the underlying calculations supporting the contingent liabilities/other significant litigations made in the Financial Statements;</li> <li>- We used auditor's experts to gain an understanding and to evaluate the disputed tax matters;</li> <li>- We evaluated management's assessments by understanding precedents set in similar cases and assessed the reliability of the management's past estimates/judgements;</li> <li>- We evaluated management's assessment around those matters that are not disclosed or not considered as contingent liability, as the probability of material outflow is considered to be remote by the management; and</li> <li>- We assessed the adequacy of the Company's disclosures. Based on the above work performed, management's assessment in respect of litigations and related disclosures relating to contingent liabilities/other significant litigations in the Financial Statements are considered to be reasonable.</li> </ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

# **PRAKASH INDUSTRIES LIMITED**

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or

when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and except for the matters described under 'Basis for Qualified Opinion' paragraph, have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) Except for the effects of matters described under 'Basis for Qualified Opinion' paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, except for the effects of matters described under 'Basis for Qualified Opinion' paragraph, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) The qualification relating to the maintenance of account and other matters connected there with are as stated in the 'Basis for Qualified Opinion' paragraph.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to other matters to be included in the auditor's report under section 197(16)  
In our opinion and according to the information and explanation given to us, the remuneration paid during the current year by the Company is in excess as prescribed maximum ceiling under the provision of section 197 of the act.
- 10 With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements, (Refer note no 32).
  - ii. Except for the effects of matters described under 'Basis for Qualified Opinion' paragraph, the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amount required to be transferred, to the Investor Education and protection Fund by the Company during the year.

**For Chaturvedi & Co.**  
Chartered Accountants  
Firm Registration No. 302137E

New Delhi  
27<sup>th</sup> June, 2020

**Pankaj Chaturvedi**  
Partner  
Membership No. 091239

# PRAKASH INDUSTRIES LIMITED

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of PRAKASH INDUSTRIES LIMITED of even date)

- 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 during the year by the management in accordance with a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to information and explanation given to us, the title deeds of the immovable property have been mortgaged with the banks/ Financial Institutions etc., for securing the borrowings and loan raised by the Company. On the basis of our examination of the records of the Company and copy of the title deeds of immovable properties, the title deeds of immovable properties are held in the name of the Company except for one case of freehold land having value of ₹ 20 lakhs. In respect of immovable properties been taken on lease, the lease agreements are in the name of the Company.
- ii. According to the information and explanation given to us, the management has conducted physical verification of inventory at reasonable intervals during the year except due to COVID-19 related to lock down restrictions, management was able to perform year end physical verification of inventory at all production unit, subsequent to the year end. The discrepancies noticed on verification between physical inventory and book records were not material and have been properly dealt with in the book of account.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to a body corporate, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the rules framed there under during the year. Accordingly, the provisions of Para 3 (v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to the Rules made by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determining whether they are accurate or complete.
- vii. (a) According to information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employee's state insurance, income tax, goods and service tax, duty of customs, cess and any other material statutory dues applicable to it with the appropriate authorities except income tax of ₹ 673 lakhs is pending to be deposited since more than six months.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there were no outstanding dues in respect of provident fund, employee's state insurance, income tax, goods and service tax, duty of customs, cess and other material statutory dues which as at March 31, 2020 have not been deposited on account of any dispute except the following:

Name of Statute	Nature of Dues	Amount ( ₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	386.15	2001-2006	CESTAT, New Delhi
		80.22	2006-2014	Appellate Authority - Asst. Commissioner

## PRAKASH INDUSTRIES LIMITED

viii. According to the information and explanations given to us, there is no loan or borrowing taken from Government, and the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holder except as stated in note 17(d) of the financial statements, interest of ₹ 803.91 lakh and ₹ 313.55 lakh due upto 30th September ,2019 and on 31st March ,2020 respectively could not be remitted by the Company to the foreign currency convertible bond holders due to non-furnishing of the bank account particulars by them and stated in note 19.2 payment of letter of credit of ₹ 596 lakhs due in the month of March, 2020 could not be made on due date due to COVID-19 Pandemic declared globally including India and done countrywide lockdown and resulted in devolvement of letter of credit which made good by settlement with the banker.

Moreover, as stated in note 17 (g) the Company has not made payment of installments due in the month of March, 2020 due to opted the Covid-19 Regulatory Package issued by RBI that has allowed to grant of moratorium period for repayment of loans' instalments are falling due between March 1, 2020 and May 31, 2020.

- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans have been applied for the purposes for which raised.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on the audit procedures conducted by us, the managerial remuneration paid or provided during the year is in excess as prescribed maximum ceiling under the provision of section 197 of the act and excess payment of ₹ 242.17 lakhs are subject to approval of stakeholder in upcoming Annual General Meeting.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions of Para 3 (xii) of the Order are not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has, during the year, made allotment of Equity shares to the holder of share warrant. The requirements of section 42 of the Companies Act, 2013 have been complied with by the Company to the extent applicable. The Company has received money against the share warrants during the year. The money so raised have been used for the purpose for which funds were raised.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

**For Chaturvedi & Co.**  
Chartered Accountants  
Firm Registration No. 302137E

New Delhi  
27<sup>th</sup> June, 2020

**Pankaj Chaturvedi**  
Partner  
Membership No. 091239

# **PRAKASH INDUSTRIES LIMITED**

**Annexure B referred to in Independent Auditor's Report of even date to the members of PRAKASH INDUSTRIES LIMITED ("the Company") on the financial statements for the year ended March 31, 2020**

**Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of PRAKASH INDUSTRIES LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India and applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Basis of qualified opinion**

The Company did not have appropriate internal financial controls in respect of control over process of compliance of Ind As-12 "Income Tax" and accounting thereof. The inadequate internal controls over financial reporting in respect of aforesaid matters have effect on the reported profit for the year.

**Qualified opinion**

In our opinion and according to the information and explanations given to us, except for the effects of matters described in "Basis of qualified opinion" paragraph above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered matters reported in "Basis of qualified opinion" paragraph in determining the nature, timing and extent of audit tests applied in our audit of the financial statements of the Company for the March 31, 2020.

**For Chaturvedi & Co.**  
Chartered Accountants  
Firm Registration No. 302137E

New Delhi  
27th June, 2020

**Pankaj Chaturvedi**  
Partner  
Membership No. 091239

# PRAKASH INDUSTRIES LIMITED

## Balance Sheet as at 31<sup>st</sup> March, 2020

₹ in lakhs

	Note No.	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>I. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	4	2,90,302	2,35,730
(b) Capital Work-in-progress	4	17,070	71,024
(c) Intangible Assets	4	10,951	—
(c) Financial Assets			
(i) Other Financial Assets	5	6,372	6,425
(d) Other Non-Current Assets	6	6,302	7,278
(e) Deferred Tax Assets	7	493	12,504
		<b>3,31,490</b>	<b>3,32,961</b>
<b>(2) Current Assets</b>			
(a) Inventories	8	13,691	23,331
(b) Financial Assets			
(i) Trade Receivables	9	19,484	15,044
(ii) Cash and Cash Equivalents	10	2,968	1,562
(iii) Bank Balance other than (ii) above	11	2,934	2,852
(iv) Loan	12	467	—
(v) Other Financial Assets	13	7,408	5,512
(c) Other Current Assets	14	8,608	12,815
		<b>55,560</b>	<b>61,116</b>
<b>TOTAL ASSETS</b>		<b>3,87,050</b>	<b>3,94,077</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	15	17,126	16,335
(b) Other Equity	16	2,73,293	2,69,025
		<b>2,90,419</b>	<b>2,85,360</b>
<b>Liabilities</b>			
<b>(1) Non-Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	37,076	43,553
(b) Provisions	18	4,691	3,887
		<b>41,767</b>	<b>47,440</b>
<b>(2) Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	19	13,430	15,101
(ii) Trade Payables	20		
(a) total outstanding dues of micro enterprises and small enterprises		3,090	3,053
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		11,315	11,784
(iii) Other Financial Liabilities	21	16,623	14,562
(b) Other Current Liabilities	22	6,192	10,924
(c) Provisions	23	2,257	1,938
(d) Current Tax Liabilities(Net)	24	1,957	3,915
		<b>54,864</b>	<b>61,277</b>
<b>TOTAL LIABILITIES</b>		<b>96,631</b>	<b>1,08,717</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,87,050</b>	<b>3,94,077</b>

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

**For Chaturvedi & Co.**

Chartered Accountants

Firm Registration No.302137E

**Pankaj Chaturvedi**

Partner

M.No.091239

**For and on behalf of the Board**

New Delhi  
27<sup>th</sup> June, 2020

**Ashwini Kumar**  
Company Secretary  
M.No.ACS 17025

**Vikram Agarwal**  
Managing Director  
DIN:00054125

**Kanha Agarwal**  
Jt. Managing Director  
DIN: 06885529

**P.L. Gupta**  
Whole - time Director & CFO  
DIN:00048868



# PRAKASH INDUSTRIES LIMITED

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2020

₹ in lakhs

	Note No.	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>INCOME</b>			
Revenue from operations	25	2,97,364	3,58,751
Other Income	26	695	757
<b>Total Income</b>		<b>2,98,059</b>	<b>3,59,508</b>
<b>EXPENSES</b>			
Cost of material consumed		1,95,642	2,13,735
Changes in inventories of finished goods and work-in-progress	27	1,568	(933)
Employee benefits expense	28	24,179	21,209
Finance costs	29	9,274	10,053
Depreciation and amortization expense	30	14,487	13,398
Other expenses	31	41,090	46,132
<b>Total expenses</b>		<b>2,86,240</b>	<b>3,03,594</b>
<b>Profit before exceptional items and tax</b>		<b>11,819</b>	<b>55,914</b>
Exceptional Items	38	2,400	38,905
Less: Transferred from General Reserve		(2,400)	(38,256)
<b>Profit before tax</b>		<b>11,819</b>	<b>55,265</b>
Tax expenses:			
Current tax	43	1,574	3,784
Earlier Year Tax		—	114
Less: MAT credit entitlement		(1,574)	(2,555)
Deferred Tax		—	—
Total Tax expense		—	1,343
<b>Profit for the year</b>		<b>11,819</b>	<b>53,922</b>
<b>Other Comprehensive Income</b>			
<b>a) Items that will not be reclassified to Profit or Loss</b>			
-Remeasurement of defined benefit plans		(414)	(409)
-Income tax relating to above items		—	—
<b>Total other Comprehensive Income</b>		<b>(414)</b>	<b>(409)</b>
<b>Total Comprehensive Income for the year</b>		<b>11,405</b>	<b>53,513</b>
<b>Earning per equity share:</b>	46		
<b>(Face Value of ₹ 10 each)</b>			
Basic ₹		6.97	33.41
Diluted ₹		6.44	28.80

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

**For Chaturvedi & Co.**

Chartered Accountants

Firm Registration No.302137E

**Pankaj Chaturvedi**

Partner

M.No.091239

**For and on behalf of the Board**

New Delhi  
27<sup>th</sup> June, 2020

**Ashwini Kumar**  
Company Secretary  
M.No.ACS 17025

**Vikram Agarwal**  
Managing Director  
DIN:00054125

**Kanha Agarwal**  
Jt. Managing Director  
DIN: 06885529

**P.L. Gupta**  
Whole - time Director & CFO  
DIN:00048868

# PRAKASH INDUSTRIES LIMITED

## Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2020

### A. Equity Share Capital

Equity Shares of ₹ 10 each issued, subscribed and fully paid up

₹ in lakhs

	Number of Shares	Amount
As at 1 <sup>st</sup> April, 2019	16,33,46,830	16,335
Change in share capital during the year	79,17,023	791
<b>Balance as at 31st March, 2020</b>	<b>17,12,63,853</b>	<b>17,126</b>
-Change in share capital during the year ended 31 March,2020 represents the shares allotted on conversion of warrant holders. (Refer Note 15)		

### B. Other Equity

₹ in lakhs

Particulars	Equity Component of FCCB	Reserves and Surplus					Money Received against Share Warrant	Other Comprehensive Income	Total
		Capital Reserve	Securities Premium	Capital Redemption Reserve	General Reserve	Retained Earnings			
Balance as at 1st April, 2018	3,217	279	33,264	800	1,71,000	43,920	7,556	(2,119)	2,57,917
Profit for the year	-	-	-	-	-	53,922	-	-	53,922
Remeasurement of the net defined benefit (liabilities)/assets	-	-	-	-	-	-	-	(409)	(409)
Minimum Alternate Tax(MAT) Credit Reversal (refer note 39)	-	-	-	-	-	(2,394)	-	-	(2,394)
Conversion of FCCB/Share Warrant	(1,167)	-	7,996	-	-	-	(4,160)	-	2,669
Deferred Tax Adjustment (refer note.44)	-	-	(1,446)	-	-	-	-	-	(1,446)
Adjustment due to business combination	-	(279)	-	-	(7,801)	-	-	-	(8,080)
Received/Transferred during the year	-	-	-	-	(38,256)	-	5,102	-	(33,154)
<b>Balance as at 31st March, 2019</b>	<b>2,050</b>	<b>-</b>	<b>39,814</b>	<b>800</b>	<b>1,24,943</b>	<b>95,448</b>	<b>8,498</b>	<b>(2,528)</b>	<b>2,69,025</b>
Profit for the year	-	-	-	-	-	11,819	-	-	11,819
Remeasurement of the net defined benefit (liabilities)/assets	-	-	-	-	-	-	-	(414)	(414)
Minimum Alternate Tax(MAT) Credit Reversal (refer note 39)	-	-	-	-	-	(4,146)	-	-	(4,146)
Conversion of Share Warrant	-	-	15,850	-	-	-	(8,498)	-	7,352
Deferred Tax Adjustment (refer note.44)	-	-	(5,326)	-	-	-	-	-	(5,326)
Dividend on Equity Shares	-	-	-	-	-	(2,055)	-	-	(2,055)
Dividend Distribution Tax on Equity Shares	-	-	-	-	-	(423)	-	-	(423)
Received/Transferred during the year	-	-	-	-	(2,539)*	-	-	-	(2,539)
<b>Balance as at 31st March, 2020</b>	<b>2,050</b>	<b>-</b>	<b>50,338</b>	<b>800</b>	<b>1,22,404</b>	<b>1,00,643</b>	<b>-</b>	<b>(2,942)</b>	<b>2,73,293</b>

\*Further, MAT Credit of R. 138.61 Lakhs has been transferred to Prakash Pipes Limited (Resulting Company) on account of Business Combination taken place in the previous year. It has been ascertained by the management on the basis available evidence.

The accompanying notes are an integral part of these standalone financial statements.

#### Nature and purpose of reserves

- Capital reserve: The capital reserve was recognized on forfeiture of equity shares by the Company. This reserve has been utilised in pursuance to demerger during the year.
- Securities premium: The amount of difference between the issue price and the face value of the shares is recognized in Securities premium.
- Capital redemption reserve: The Company had created Capital redemption reserve out of the profits for redemption of the Preference shares. This reserve may be utilized for the specified purposes in accordance with the provisions of the Act.
- General reserve: General reserve is the accumulation of the portions of the net profits transferred by the Company in the past years pursuant to earlier provisions of the companies act 2013. This reserve has been utilized in pursuance withdraw to adjust amount paid / to be paid pursuant to a settlement of a claim through mediation in a court .
- Retained earnings: Retained earnings comprise of the profits of the Company earned till date net of distributions and other adjustments.

As per our report of even date attached

**For Chaturvedi & Co.**

Chartered Accountants

Firm Registration No.302137E

**Pankaj Chaturvedi**

Partner

M.No.091239

New Delhi  
27<sup>th</sup> June, 2020

**Ashwini Kumar**  
Company Secretary  
M.No.ACS 17025

**Vikram Agarwal**  
Managing Director  
DIN:00054125

**Kanha Agarwal**  
Jt. Managing Director  
DIN: 06885529

**For and on behalf of the Board**

**P.L. Gupta**  
Whole - time Director & CFO  
DIN:00048868

# PRAKASH INDUSTRIES LIMITED

## Statement of Cash Flow for the year ended 31<sup>st</sup> March, 2020

₹ in lakhs

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>A. Cash Flow From Operating Activities :</b>		
Profit before tax	11,819	55,265
Adjustments for		
Provision for employee benefit	497	429
Allowance for doubtful debts and advances	257	390
Depreciation and amortisation expenses	14,487	13,398
Interest and other Income	(660)	(652)
(Profit)/Loss on sale of fixed assets	(2)	58
Financial cost	9,274	10,053
Operating Profit before working Capital changes	<u>35,672</u>	<u>78,941</u>
Adjustments for		
Trade receivables	(4513)	(8,042)
Inventories	9,640	(222)
Other financial assets	(1,848)	(2,656)
Other current assets	4,022	(4,449)
Trade payable and other financial liabilities	844	2,894
Other current liabilities	(4,928)	7,100
Cash flow generated from operations before exceptional items	<u>38,889</u>	<u>73,566</u>
Add:Exceptional Item	-	649
Direct Taxes Paid (Net of refund)	77	4,620
<b>Net Cash generated from operating activities</b>	<u>38,812</u>	<u>69,595</u>
<b>B. Cash Flow From Investing Activities</b>		
Sale proceeds of fixed assets	5	34
Purchase of fixed assets including CWIP and capital advances	(24,904)	(53,513)
Interest and other Income received	669	583
Changes in Term deposits with banks	(553)	(586)
<b>Net cash used in investing activities</b>	<u>(24,783)</u>	<u>(53,482)</u>
<b>C. Cash Flow From Financing Activities :</b>		
Money Received against Share warrant	8,142	5,102
(Repayment)/Proceeds from Loans (Net)	(9,636)	(12,787)
Dividend paid	(2,055)	-
Finance expenses paid	(9,074)	(9,181)
<b>Net Cash from financing activities</b>	<u>(12,623)</u>	<u>(16,866)</u>
<b>Net Changes in Cash and Cash equivalents (A+B+C)</b>	<u>1,406</u>	<u>(753)</u>
<b>Opening balance of Cash and Cash equivalents</b>	<u>1,562</u>	<u>2,349</u>
<b>Less: Adjustment due to business combination</b>	<u>-</u>	<u>34</u>
<b>Opening balance of Cash and Cash equivalents</b>	<u>1,562</u>	<u>2,315</u>
<b>Closing balance of Cash and Cash equivalents</b>	<u>2,968</u>	<u>1,562</u>
<b>Component of Cash and Cash equivalents (refer note 10)</b>		
Balance with Current Accounts	2,941	1,433
Cheques, Drafts on hands	1	108
Cash on hands	26	21
	<u>2,968</u>	<u>1,562</u>

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

**For Chaturvedi & Co.**

Chartered Accountants

Firm Registration No.302137E

**Pankaj Chaturvedi**

Partner

M.No.091239

New Delhi  
27<sup>th</sup> June, 2020

**Ashwini Kumar**  
Company Secretary  
M.No.ACS 17025

**Vikram Agarwal**  
Managing Director  
DIN:00054125

**Kanha Agarwal**  
Jt. Managing Director  
DIN: 06885529

**P.L. Gupta**  
Whole - time Director & CFO  
DIN:00048868

For and on behalf of the Board

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

### 1. Company Overview

Prakash Industries Limited (the "Company") is a public limited Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange(BSE) in India. It has been engaged primarily in the business of manufacture and sale of Steel Products and generation of Power. The Company has its manufacturing facilities in India and sells products in India.

The financial statements were approved for issue in accordance with a resolution of the Board of Directors of the Company 27 June, 2020.

### 2. a) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020

### b) Changes in accounting policies and disclosures : new and amended standards

**Ind AS116 Leases:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application

Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ending or ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

## Notes on Financial Statements

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

Upon adoption of the Appendix C to Ind AS 12, the Company considered whether it has any uncertain tax positions. Based on the Company's evaluation, the Appendix did not have an impact on the financial statements of the Company.

**Amendment to Ind AS 12 - Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company. Amendment to Ind AS 19 - plan amendment, curtailment or settlement- On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

**Amendment to Ind AS 19 - plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

**Amendments to Ind AS 109: Prepayment Features with Negative Compensation** Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

**Ind AS 23 Borrowing Costs** The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

### 3. Significant Accounting policies

#### 3.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended, and presentation requirements of Schedule III to the Act under the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in INR, which is also the Company's functional currency and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

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All assets and liabilities, other than deferred tax assets and liabilities, have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Act. Deferred tax assets and liabilities are classified as non-current assets and liabilities. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for current and non-current classification of assets and liabilities.

### 3.2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical Judgements** In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

**Discount rate used to determine the carrying amount of the Company's defined benefit obligation:** In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

**Contingences and commitments:** In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, Company treat them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, Company do not expect them to have a materially adverse impact on the financial position or profitability.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**Income taxes:** The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid / recovered for uncertain tax positions.

**Useful lives of property, plant and equipment:** As described in note 3.7, the Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. During the current financial year, the management determined that there were no changes to the useful lives and residual values of the property, plant and equipment.

**Allowances for doubtful debts:** The Company makes allowances for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates.

### 3.3 Operating Cycle and Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification in accordance with Part-I of Division- II of Schedule III of the Companies Act, 2013.

An asset is treated as current when it (a) Expected to be realised or intended to be sold or consumed in normal operating cycle; (b) Held primarily for the purpose of trading; or (c) Expected to be realised within twelve months after the reporting period, or (d) The asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when (a) It is expected to be settled in normal operating cycle; or (b) It is held primarily for the purpose of trading; or (c) It is due to be settled within twelve months after the reporting period, or (d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms

## Notes on Financial Statements

of a liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its normal operating cycle.

### 3.4 Revenue recognition

#### Revenue

The Company manufactures and sells a range of steel products. The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided below.

#### Sale of products

Revenue from sale of products is recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, the risks of loss has been transferred, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. Sale of products include related ancillary services, if any.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated trade discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are generally made with a credit term of 30-60 days, which is consistent with market practice. Any obligation to provide a refund is recognised as a provision. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The Company does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

**Interest income** Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**Dividends** Dividend income from investments is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

### 3.5 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. Thus, the Company's business falls under - two operational segments i.e. Steel Products, and Power.

The entire power generated by its power plant at Champa is used captively only by the Company in its production processes of iron & steel. Therefore, in terms of Para 12 of Ind AS 108, the management has decided to aggregate captive power into primary business operating segment i.e. "Iron & Steel" with effect from 1st April, 2019. Accordingly, figures of captive power generation business have been combined into one reportable segment of Iron & Steel business. Power segment results now represent the wind power business only and are not comparable with the figure of previous periods.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

### 3.6 Foreign Currencies

**Functional currency:** The functional currency of the Company is the Indian rupee.

**Transactions and translations:** Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign-currency-denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the Balance Sheet date. The gains or

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losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

Foreign exchange difference regarded as borrowing taken for non-monetary items, an adjustment to borrowing costs are presented/reported as part of non-monetary item.

### 3.7 Property, plant and equipment

Property, plant and equipment (PPE) are initially recognised at cost. The initial cost of PPE comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of PPE includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition, PPE are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work in progress) less their residual values over the useful lives, using the straight-line method ("SLM") in the manner prescribed in Schedule II of the Act. Management believes based on a technical evaluation (which is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.) that the useful lives of the assets as considered by the Company reflect the periods over which these assets are expected to be used.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The estimated useful lives for main categories of property, plant and equipment and intangible assets are:

PARTICULARS	Estimated Useful Life
Buildings	30,60
Roads	10
Plant & Machinery	15,25,40
Vehicles	8,10
Furniture and fixtures	10
Office Equipments	5
Computers	3

Mining assets are amortised over the useful life of the mine or lease period whichever is lower.

Freehold land is not depreciated.



## Notes on Financial Statements

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Fully depreciated assets still in use are retained in financial statements.

### 3.8 i. Exploration for and evaluation of mineral resources

Expenditures associated with search for specific mineral resources are recognised as exploration and evaluation assets. The following expenditure comprises cost of exploration and evaluation assets:

- obtaining of the rights to explore and evaluate mineral reserves and resources including costs directly related to this acquisition.
- researching and analysing existing exploration data.
- conducting geological studies, exploratory drilling and sampling
- examining and testing extraction and treatment methods
- compiling pre-feasibility and feasibility studies
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Administration and other overhead costs are charged to the cost of exploration and evaluation assets only if directly related to an exploration and evaluation project.

If a project does not prove viable, all irrecoverable exploration and evaluation expenditure associated with the project net of any related impairment allowances is written off to the statement of profit and loss.

The Company measures its exploration and evaluation assets at cost and classifies as property, plant and equipment or intangible assets according to the nature of the assets acquired and applies the classification consistently. To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is capitalised as a part of the cost of the intangible asset.

As the asset is not available for use, it is not depreciated. All exploration and evaluation assets are monitored for indications of impairment. An exploration and evaluation asset is no longer classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable and the development of the deposit is sanctioned by the management. The carrying value of such exploration and evaluation asset is reclassified to mining assets.

### ii. Development expenditure for mineral reserves

Development is the establishment of access to mineral reserves and other preparations for commercial production. Development activities often continue during production and include:

- sinking shafts and underground drifts (often called mine development)
- making permanent excavations
- developing passageways and rooms or galleries
- building roads and tunnels and
- advance removal of overburden and waste rock

Development (or construction) also includes the installation of infrastructure (e.g., roads, utilities and housing), machinery, equipment and facilities.

Development expenditure is capitalised and presented as part of mining assets. No depreciation is charged on the development expenditure before the start of commercial production.

### iii. Provision for restoration and environmental costs

The Company has liabilities related to restoration of soil and other related works, which are due upon the closure of certain of its mining sites.

Such liabilities are estimated case-by-case based on available information, taking into account applicable local legal requirements. The estimation is made using existing technology, at current prices, and discounted using an appropriate discount rate where the effect of time value of money is material.

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Future restoration and environmental costs, discounted to net present value, are capitalised and the corresponding restoration liability is raised as soon as the obligation to incur such costs arises. Future restoration and environmental costs are capitalized in property, plant and equipment or mining assets as appropriate and are depreciated over the life of the related asset. The effect of time value of money on the restoration and environmental costs liability is recognised in the statement of profit and loss.

### 3.9 Capital work-in-progress

Capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

### 3.10 Intangible assets

Intangible assets are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on derecognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

The Company amortises intangible assets with a finite useful life using the straight-line method over the of useful lives determined by the terms of the agreement /contract. The estimated useful life is reviewed annually by the management.

### 3.11 Impairment of PPE and intangibles assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

### 3.12 Investment in subsidiary/joint ventures (JV)

Investments in subsidiary/JV are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary/JV, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

### 3.13 Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**Current tax:** Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

**Deferred tax:** Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

**3.14 Operating Leases Including Investment Properties**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**As a lessee****a) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to note 3.11 for accounting policies on impairment of nonfinancial assets.

**b) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

**c) Short-term leases and leases of low value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces and certain equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**As a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

**3.15 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**3.16 Provisions and Contingent Liabilities:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific

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to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### 3.17 Inventories

Inventories are valued at lower of cost on FIFO basis and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 3.18 Non-derivative financial instruments

#### Classification

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets classified as 'measured at fair value', gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For assets classified as 'measured at amortized cost', this will depend on the business model and contractual terms of the cash flows.

#### Initial Measurement and Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### a. Financial assets - Subsequent measurement

**Financial assets at amortised cost:** Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through other comprehensive income (FVTOCI):** Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

**Financial assets at fair value through profit or loss (FVTPL):** Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

#### b. Financial liabilities - Subsequent measurement

Financial liabilities are measured at amortised cost using the effective interest method. The measurement of financial liabilities depends on their classification, as described below:

**Loans and borrowings:** After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

**Composite financial instrument:** The fair value of the liability portion of an optionally convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity.

**Notes on Financial Statements****Impairment of financial assets**

The Company assesses on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost for e.g., debt securities, deposits, trade receivables and bank balances; and lease receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk and if so, assess the need to provide for the same in the Statement of Profit and Loss.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and all lease receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit losses (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument over the expected life of the financial instrument.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. The Balance Sheet presentation for various financial instruments is described below:

Financial assets measured at amortised cost, revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments based on shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Derecognition**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**c. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**3.19 Borrowing costs**

General and specific borrowing costs (including exchange differences arising from foreign currency borrowing to the extent that they are regarded as an adjustment to interest cost) that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete

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and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Foreign exchange difference regarded as borrowing taken for non-monetary items, an adjustment to borrowing costs are presented/reported as part of non-monetary item.

### 3.20 Employee Benefits

Employee benefits consist of contribution to employees state insurance, provident fund, gratuity fund and compensated absences.

#### Post-employment benefit plans

##### Defined Contribution plans

Contributions to defined contribution schemes such as employees' state insurance, labour welfare fund, employee pension scheme etc. are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees. Company's provident fund contribution is made to a government administered fund and charged as an expense to the Statement of Profit and Loss. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

##### Defined benefit plans

The Company operates defined benefit plan in the form of gratuity and compensated absence. The liability or asset recognised in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the said obligation is determined by discounting the estimated future cash out flows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest expenses are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest expense on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

The classification of the company's net obligation into current and non-current is as per the actuarial valuation report.

### 3.21 Business combination - common control transaction

Business combinations involving entities that are controlled by the group are accounted for using the pooling of interests method as follows

- The assets and liabilities of the resulting entity are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and net assets transferred to capital reserve and is presented separately from other capital reserves.

### 3.22 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

**4. Statement of property, plant and equipment and Capital Work-in-Progress as at 31<sup>st</sup> March, 2020** ₹ in lakhs

PARTICULARS	Property, Plant and Equipment										Intangible Assets	
	Land (Right-of-use Assets)	Land (Free Hold)	Building	Plant and Machinery	Furniture and fixtures	Vehicles	Office Equipment	Mould & Dies	Total	Capital Work-in-Progress	Mining Assets	
Gross carrying value as at 1st April, 2019	840	3,569	35,751	320,624	559	6,234	559	-	368,136	71,024	-	
Additions	-	-	6,508	62,017	19	376	52	-	68,972	14,468	11,043	
Disposals/Written off	-	-	-	-	-	27	7	-	34	68,422	-	
Capitalisation During the year	-	-	-	-	-	-	-	-	-	-	-	
<b>Gross carrying value as at 31st March, 2020</b>	<b>840</b>	<b>3,569</b>	<b>42,259</b>	<b>382,641</b>	<b>578</b>	<b>6,583</b>	<b>604</b>	<b>-</b>	<b>437,074</b>	<b>17,070</b>	<b>11,043</b>	
Accumulated depreciation as at 1st April, 2019	109	-	14,197	114,599	415	2,654	432	-	132,406	-	-	
Depreciation	7	-	1,506	12,092	31	726	33	-	14,395	-	92	
Depreciation charged to Capital Work in Progress	2	-	-	-	-	-	-	-	2	-	-	
Accumulated depreciation on disposals	-	-	-	-	-	25	6	-	31	-	-	
<b>Accumulated depreciation as at 31st March, 2020</b>	<b>118</b>	<b>-</b>	<b>15,703</b>	<b>126,691</b>	<b>446</b>	<b>3,355</b>	<b>459</b>	<b>-</b>	<b>146,772</b>	<b>-</b>	<b>92</b>	
Carrying value as at 31st March, 2019	731	3,569	21,554	206,025	144	3,580	127	-	235,730	71,024	-	
<b>Carrying value as at 31st March, 2020</b>	<b>722</b>	<b>3,569</b>	<b>26,556</b>	<b>255,950</b>	<b>132</b>	<b>3,228</b>	<b>145</b>	<b>-</b>	<b>290,302</b>	<b>17,070</b>	<b>10951</b>	

- 1) Lease hold lands are taken by the Company on long term agreements with the government/government agencies for establishment of its plants.
- 2) Free hold land of ₹20 Lakhs is yet to be transferred in the name of the Company as at 31st March, 2020.
- 3) Certain property, plant and equipment are pledged against borrowings, the details relating to which have been described in Note 17.
- 4) PPE at cost, except leasehold land which is at cost, less adjustment towards amortisation.
- 5) Mining assets represent expenditure incurred in relation to acquisition of mines, mine development expenditure post establishment of technical and commercial feasibility and restoration obligations as per applicable regulations.
- 6) Intangible Assets under Development was included in capital work in progress in previous year, now segregated on the basis of expenses thereof.

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

₹ in lakhs

5. Other Financial Assets	As at	As at
Non-Current Financial Assets	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Bank Deposits with more than 12 months maturity#	3,946	3,492
Security Deposits	2,410	2,897
Interest accrued	16	36
	<u>6,372</u>	<u>6,425</u>

#Bank deposits are earmarked with banks for issue of letters of credit and bank guarantees as a margin money.

6. Other Non-Current Assets	As at	As at
(unsecured, considered good, unless otherwise stated)	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
Capital Advances	6,302	7,278
	<u>6,302</u>	<u>7,278</u>

7. Deferred Tax Assets (Net)	As at	As at
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>Deductible Temporary Difference</b>		
Provision for employees benefits	2,427	2,035
Loss allowance on Financial and Contract Assets	444	354
Unused Tax Credits	<u>18,739</u>	<u>25,424</u>
<b>Deferred Tax Assets</b>	<b>21,610</b>	<b>27,813</b>
Property, plant and equipment and Intangible assets	<u>(21,117)</u>	<u>(15,309)</u>
<b>Deferred Tax Liabilities</b>	<b>(21,117)</b>	<b>(15,309)</b>
<b>Deferred Tax Assets (Net)</b>	<b>493</b>	<b>12,504</b>
(refer note 44)		

8. Inventories	As at	As at
	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
(As taken, valued and certified by the Management)		
Raw Materials	5,265	6,981
Raw Materials in transit	3	6,838
Finished Goods	3,254	2,960
Work In Progress	199	409
Stores, Spares & Fuels	2,251	1,772
Scrap & Waste	<u>2,719</u>	<u>4,371</u>
	<u>13,691</u>	<u>23,331</u>

9. Trade Receivables	As at	As at
Current Financial Assets	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
(unsecured, considered good, unless otherwise stated)		
Trade Receivables considered good - Unsecured	19,835	15,322
Trade Receivables which have significant increase in Credit Risk	—	—
	<u>19,835</u>	<u>15,322</u>
Trade Receivables-Credit impaired	<u>(351)</u>	<u>(278)</u>
	<u>19,484</u>	<u>15,044</u>
The movement in allowance for doubtful trade receivables		
Balance as at beginning of the year	278	244
Allowance transferred pursuant to demerger	—	(6)
Allowance for doubtful trade receivables during the year	<u>73</u>	<u>40</u>
Allowance for doubtful trade receivables	<u>351</u>	<u>278</u>

### Trade Receivables

Allowance for doubtful trade receivables is made on the basis of expected credit loss allowance, taking into account the estimated credit loss experience with adjustment for forward looking information.



**Notes on Financial Statements**
**₹ in lakhs**

<b>10. Cash and Cash Equivalents</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
Balances with banks:		
In Current Accounts	2,941	1,433
Cheques, drafts on hand	1	108
Cash on hand	26	21
	<u>2,968</u>	<u>1,562</u>
<b>11. Bank Balances Other Than Cash and Cash Equivalents</b>	<b>As at</b>	<b>As at</b>
<b>Current Financial Assets</b>	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Earmarked balances with banks		
Unpaid Dividend	36	53
Term Deposits*	2,898	2,799
	<u>2,934</u>	<u>2,852</u>
<i>*Pledged as securities or earmarked for issue of letters of credit /bank guarantees/margin money.</i>		
<b>12. Loans</b>	<b>As at</b>	<b>As at</b>
	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Loans to related Parties		
Loan Receivable good-unsecured	467	—
Loan Receivable which have significant increase in credit risk	—	—
	<u>467</u>	<u>—</u>
Less: Loan Receivable-credit impaired	—	—
	<u>467</u>	<u>—</u>
<b>13. Other Financial Assets</b>	<b>As at</b>	<b>As at</b>
<b>Current Financial Assets</b>	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
<b>(Unsecured,considered, unless otherwise stated)</b>		
Security Deposits	271	802
Interest accrued and not due	152	141
Claims Recoverable (refer note.41)	6,985	4,569
Doubtful Claims Recoverable (refer note.40)	384	384
Allowance for Claims Recoverable	(384)	(384)
	<u>7,408</u>	<u>5,512</u>
The movement in allowance for doubtful claim recoverable		
Balance as at beginning of the year	384	384
Allowance for doubtful claim recoverable during the year	—	—
	<u>384</u>	<u>384</u>
<b>14. Other Current Assets</b>	<b>As at</b>	<b>As at</b>
	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Balances with Customs, Central Excise, VAT, GST etc.	1,446	1,641
Advances to vendors (unsecured)		
Considered Good	6,744	10,723
Considered Doubtful	535	351
Allowance for Doubtful Advances	(535)	(351)
	<u>8,190</u>	<u>12,364</u>
Other advances (including prepaid expenses etc.)	418	451
	<u>8,608</u>	<u>12,815</u>
The movement in allowance for doubtful advances:		
Balance as at beginning of the year	351	4
Allowance transferred pursuant to demerger	—	(3)
Allowance for doubtful advances during the year*	184	350
*net of recovery of doubtful advances	<u>535</u>	<u>351</u>

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

₹ in lakhs

15. Equity Share Capital	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
<b>Authorised</b>		
20,00,00,000 (31 <sup>st</sup> March, 2019: 20,00,00,000) Equity Shares of ₹ 10 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
<b>Issued, Subscribed &amp; Paid up</b>		
<b>Equity</b>		
17,12,63,853 (31 <sup>st</sup> March, 2019: 16,33,46,830) Equity Shares of ₹ 10 each	17,126	16,335
	<u>17,126</u>	<u>16,335</u>

- a) Reconciliation of equity shares outstanding at the beginning and end of the reporting period.

Equity Shares	As at 31 <sup>st</sup> March, 2020 Nos. ₹ in lakhs	As at 31 <sup>st</sup> March, 2019 Nos. ₹ in lakhs
Balance at the beginning of the year	16,33,46,830 16,335	15,68,83,536 15,688
Issued during the year	79,17,023 791	64,63,294 647
Balance at the end of the year	17,12,63,853 17,126	16,33,46,830 16,335

- b) Terms/ rights attached to equity shares

The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is entitled to one vote per share. All equity Shareholder are having right to get dividend in proportion to paid up value at each equity shares as and when declared. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all the preferential amounts, in proportion to their shareholding.

- c) The Company had allotted 7917023 equity shares at a premium of ₹ 200.18 per share on conversion of share warrants during the year ended 31<sup>st</sup> March, 2020.
- d) Foreign Currency Convertible Bond (FCCB) holders of US\$ 11.45mn (₹ 8,632 lakhs) have an option to get their bonds converted into equity shares of the Company [refer note 17(d)].

16. Other Equity	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Equity component of foreign currency convertible bond	2,050	2,050
Securities Premium Reserve	50,338	39,814
Capital Redemption Reserve	800	800
General Reserve	1,22,404	1,24,943
Retained Earnings	1,00,643	95,448
Other Comprehensive Income		
Remeasurement of defined benefit plans	(2,942)	(2,528)
Money Received against Share warrant	—	8,498
	<u>2,73,293</u>	<u>2,69,025</u>

(Refer Statement of Changes in Equity)

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

₹ in lakhs

17. Borrowings	As at	As at
Non-Current Financial Liabilities	31 <sup>st</sup> March, 2020	31 <sup>st</sup> March, 2019
<b>Secured</b>		
<b>Term Loans</b>		
From Banks	2,173	2,779
From Others	<u>25,092</u>	<u>30,592</u>
	27,265	33,371
<b>Funded Interest Term Loans</b>		
From Banks	662	842
<b>Unsecured</b>		
Term Loans from Others	2,395	3,310
Liability Component of Foreign Currency Convertible Bonds	<u>6,582</u>	<u>5,870</u>
	8,977	9,180
Finance Lease Obligations	172	1600
	<u>37,076</u>	<u>43,553</u>

- (a) Followings term loans are secured by mortgage of all immovable properties of the Company, both present and future and are also secured by way of hypothecation of the movable properties of the Company including movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future (save and except book debts), subject to prior charge of the Company's banker on specified movables for working capital requirements, ranking pari passu in all respects with existing charges and personal guarantees of the Chairman and the Managing Director.

₹ in lakhs

Lender	Loan Amount	Balance as at		Rate of Interest	Repayment Terms
		31.3.2020	31.03.2019		
Term Loan from bank					
Corporation Bank	5,902	3,657	4,322	13.00%	96 monthly installments from December, 2016
Term Loans from others					
Rural Electrification Corporation Limited (REC)	28,977	20,284	22,940	13.50%	120 monthly installments from March, 2017
SREI Infrastructure Finance Limited	6,000	-	600	16.50%	12 quarterly installments from September, 2016
Indo Star Capital Finance Limited	18,360	6,154	9,944	13.10%	69 monthly installments from June, 2018

- (b) Corporation Bank and Rural Electrification Corporation Limited (REC) have restructured/reschedule their outstanding dues into Term Loans and Funded Terms Loans of 8 years from December 2016 and 10 year from March 2017 respectively.
- (c) Term Loans from banks and others include ₹ 85 lakhs (₹ 111 lakhs) and ₹ 2,824 lakhs (₹ 2,265 lakhs) respectively secured against the vehicles financed by the concerned lenders.

Lender	0-1Year	1-3 years	4-5 Years	6-10 Years	Rate of Interest
Term Loans from banks	35	47	3	-	10% to 12%
Term Loans from Others	1,032	1,707	85	-	10.75% to 17.10%

- (d) The Company has outstanding FCCB of US\$ 11.45 million(mn), against which the bondholders of US\$ 0.65 mn have a right to convert their FCCB into shares with maturity date of 1st October, 2020 carrying interest @5.35% p.a. and the bondholders of US\$ 10.80 mn have a right to convert their FCCB into shares with maturity date of 15th January, 2023 carrying interest @5.95% p.a subject to condition in the subscription agreement. The outstanding FCCB are repayable in Foreign Currency and their repayments have not been hedged by any derivative instrument or otherwise by the Company. Further, the Company has complied with all the financial covenants and undertakings with respect to the outstanding FCCB. Interest of ₹ 1,117 lakhs could not be remitted by the Company to the bond holders due to non-furnishing of the bank account particulars by them.

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

(e) Terms and conditions of unsecured Term loans from others are as under.

₹ in lakhs

Lender	Loan Amount	Balance as at		Rate of	Repayment Terms
		31.3.2020	31.03.2019		
India Infoline Finance Ltd.	1,000	-	242	15.55%	60 monthly installment from March, 2015
India Infoline Housing Finance Ltd.	674	-	533	16.05%	60 monthly installment from September, 2015
Rattan India Ltd.	4,000	3,000	4,000	14.45%	Payable in May'2022
IIFL Home Finance Ltd.	1,000	989	-	14.50%	60 monthly installment from February, 2020

The non current borrowings shown above are net of current maturities ₹ 6,671 lakhs (Mar 31,2019 ₹ 7,434 lakhs) which are shown under note 21

- (f) Interest on FCCB of ₹ 1,117 lakhs is outstanding to be paid by the Company to the Foreign Currency Convertible Bond holders due to non-furnishing of the bank account
- (g) The Company has opted the Covid-19 Regulatory Package issued by RBI that has allowed to grant of moratorium period for repayment of loans' instalments are falling due between March 1, 2020 and May 31, 2020. Accordingly, the repayment schedule and all subsequent due dates, as also the tenor for loans will be shifted by three months (or the period of moratorium granted).

₹ in lakhs

18. Non-Current Provisions	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
For Employee Benefits (refer note 42)	4,691	3,887
	<u>4,691</u>	<u>3,887</u>
<b>19. Borrowings</b>		
<b>Current Financial Liabilities</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
<b>Secured</b>		
Working Capital Loan From Bank	3,180	3,478
<b>Unsecured</b>		
From Others (refer note 40)	10,250	10,603
From Related Party	-	1,020
	<u>13,430</u>	<u>15,101</u>

- 19.1** Working Capital loan from bank, repayable on demand is secured by hypothecation of raw materials, consumables stores and spare parts, stock in process, finished goods, book debts and by personal guarantees of the Chairman and the Managing Director of the Company. Further, they are also secured by way of pari passu first charge on all the immovable properties of the Company. Unsecured loans from others are guaranteed by the Directors.
- 19.2** During the year ended March 31, 2020, three letter of credit (LCs) aggregating of ₹ 596 lakhs have been devolved by the bankers in absence of timely payment. The payment could not be made on time due to COVID-19 Pandemic declared globally including India and done countrywide lockdown. Subsequently the outstanding payment has been settled after the balance sheet date but on or before date of approval of the financial statements.

**Notes on Financial Statements**
**₹ in lakhs**

<b>20. Trade Payables</b>	<b>As at</b>	<b>As at</b>
<b>Current Financial Liabilities</b>	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Trade Payables		
Total outstanding dues of Micro Enterprises and Small Enterprises (refer note 35)	<b>3,090</b>	3,053
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	<b>11,315</b>	11,784
	<b>14,405</b>	14,837

<b>21. Other Current Financial Liabilities</b>	<b>As at</b>	<b>As at</b>
	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Current Maturity of long term debts	<b>6,671</b>	7,434
Current Maturity of Finance lease obligations	<b>12</b>	12
Interest accrued but not due on borrowings	<b>7</b>	8
Interest accrued and due on borrowings	<b>1,331</b>	563
Unpaid Dividends	<b>58</b>	53
<b>Others</b>		
Trade/Security deposits	<b>1,472</b>	1,495
Salary, wages and benefits payable	<b>4,038</b>	2,965
Capital Creditors	<b>1,090</b>	949
Other expenses payables	<b>1,944</b>	1,083
	<b>16,623</b>	14,562

-There are no amount due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act 2013 as at 31st March 2020.

<b>22. Other Current Liabilities</b>	<b>As at</b>	<b>As at</b>
	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Statutory dues payable	<b>6,108</b>	10,378
Advances from Customers	<b>84</b>	546
	<b>6,192</b>	10,924

<b>23. Current Provisions</b>	<b>As at</b>	<b>As at</b>
	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
For Employee Benefits	<b>2,257</b>	1,938
	<b>2,257</b>	1,938

<b>24. Current Tax Liabilities (Net)</b>	<b>As at</b>	<b>As at</b>
	<b>31<sup>st</sup> March, 2020</b>	<b>31<sup>st</sup> March, 2019</b>
Provision for Income Tax(Net)	<b>1,509</b>	3,915
Provision for Tax on Proposed Dividend	<b>448</b>	-
	<b>1,957</b>	3,915

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

₹ in lakhs

25. Revenue From Operations	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Sales of products	<u>2,97,364</u>	<u>3,58,751</u>
	<u>2,97,364</u>	<u>3,58,751</u>

25.1 Revenue from contracts with customers disaggregated on the basis of geographical reason and major businesses is as below

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
(a) Iron & Steel	<u>2,96,965</u>	<u>2,64,249</u>
(b) Power (Net of Interdivisional) (refer note 48)	<u>399</u>	<u>1,17,324</u>
	<u>2,97,364</u>	<u>3,58,751</u>

26. Other Income	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Interest Income	660	652
Miscellaneous income	12	39
Management and support service	21	66
Profit on sale of Fixed Assets (Net)	2	-
	<u>695</u>	<u>757</u>

27. Change In Inventories Of Finished Goods, Semi Finished Coal and Work In Progress	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Closing Inventories</b>		
Finished products	3,254	2,960
Work in process	199	409
Scrap and waste	<u>2,719</u>	<u>4,371</u>
	6,172	7,740
<b>Opening Inventories</b>		
Finished products	2,960	2,697
Work in process	409	316
Scrap and waste	<u>4,371</u>	<u>4,729</u>
	<u>7,740</u>	<u>7,742</u>
Less: Transferred pursuant to demerger	-	935
	<u>7,740</u>	<u>6,807</u>
	<u>1,568</u>	<u>(933)</u>

28. Employees Benefits Expenses	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Salaries, wages & other benefits	22,565	19,765
Contribution to provident & other funds	1,083	949
Employee's welfare expenses	531	495
	<u>24,179</u>	<u>21,209</u>

**Notes on Financial Statements**
**₹ in lakhs**

<b>29. Finance Cost</b>	<b>For the year ended 31<sup>st</sup> March, 2020</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>
Interest	<b>9,200</b>	10,006
Other Borrowing Cost	<b>74</b>	47
	<b>9,274</b>	10,053
<b>30. Depreciation and Amortization Expenses</b>	<b>For the year ended 31<sup>st</sup> March, 2020</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>
Depreciation of Tangible assets	<b>14,395</b>	13,398
Amortization of Intangible assets	<b>92</b>	-
	<b>14,487</b>	13,398
<b>31. Other Expenses</b>	<b>For the year ended 31<sup>st</sup> March, 2020</b>	<b>For the year ended 31<sup>st</sup> March, 2019</b>
Power & fuel	<b>18,728</b>	23,876
Stores & spares	<b>6,231</b>	6,472
Repairs to:		
Machinery	<b>8,408</b>	7,774
Building	<b>504</b>	569
Others	<b>20</b>	20
	<b>8,932</b>	8,363
Insurance	<b>27</b>	28
Rates & taxes	<b>1,515</b>	1,328
Travelling & Conveyance	<b>185</b>	222
Vehicle maintenance	<b>150</b>	164
Auditor's remuneration		
Audit fees	<b>56</b>	56
Tax audit fees	<b>12</b>	12
Reimbursement of expenses	<b>1</b>	2
	<b>69</b>	70
Legal and professional charges	<b>2,092</b>	2,190
Miscellaneous expenses	<b>587</b>	839
CSR expenditure (refer note 49)	<b>702</b>	411
Allowance for doubtful Debts & Advances	<b>257</b>	390
Bank Charges	<b>129</b>	156
Rent	<b>39</b>	26
Director's sitting fees	<b>13</b>	12
Packing and forwarding charges	<b>693</b>	844
Sales promotion	<b>112</b>	10
Commission	<b>629</b>	673
Loss on sale of asset (net)	<b>-</b>	58
	<b>41,090</b>	46,132

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

		₹ in lakhs
32. Contingent Liabilities not provided for in respect of:	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
(a) Guarantees/Unexpired Letter of credits issued by banks on behalf of the Company	4,356	4,375
(b) Disputed demands of Excise Duty/Income Tax/Electricity dues and others. (Amount paid there against ₹ Nil (₹ Nil lakhs))	10,330	10,083

33. Commitments	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	24,865	37,748

34. Certain Plant and Machinery were taken under operating lease prior to 1st April, 2001, which is under legal disputes with the concerned lessors and the Company has lodged counter claims. The matters are pending under arbitration/ court, and as of now, the future liability is not ascertainable. In respect of the disputes, the Management is confident that the future liability on this account would not be material.

### 35. Due to Micro and Small Enterprises:

The Company has certain dues to suppliers register under Micro and Small Enterprises Development Act, 2006 (MSMED Act). The disclosure pursuant to the said MSMED Act are follows.

	Particulars	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
(a)	Dues remaining unpaid as at Balance Sheet date -Principal amount -Interest amount	3,090	3,053
(b)	Interest paid in terms of section 16 of the Act, along with the amount of payment made to the supplier and services providers beyond the appointed day during the period	—	—
(c)	Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during period) but without adding the interest specified under the Act	—	—
(d)	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 enterprise.	—	—
(e)	Interest accrued and remaining unpaid as at Balance Sheet date	6	1

The above information is as complied with by the Management and relied upon by the Auditor.

36. In terms of the order dated 23rd August 2007 of the Hon'ble Punjab & Haryana High Court, the net deferred tax liability computed in terms of the Indian Accounting Standard (Ind AS) 12 Income Taxes has been adjusted against Securities Premium reserve. Consequently, the profit for the year is lower by ₹ 5,326 lakhs (previous year ₹ 1,446 lakhs).
37. FCCB holders of PIL that exercised the option of conversion (Converting FCCB holders) after record date, Prakash Pipes Limited (Resulting Company) shall issue corresponding number of equity shares as per the share entitlement ratio mentioned in the Scheme to such converting FCCB Holders upon allotment of equity shares of PIL.
38. Exceptional items represent liability of Rs.2400 lakhs being amount paid / to be paid pursuant to a settlement of a claim through mediation in a court which has been adjusted by withdrawing an equivalent amount from the general reserve.
39. Considering the future profitability and taxable position in the subsequent years, the Company is recognizing Minimum Alternate Tax (MAT) credit entitlement as an asset and is carrying the same in its accounts. In case the credit entitlement is not availed by the Company within the time limit prescribed under the Income Tax Act, the same is set off against the Retained Earning. The Company has adjusted ₹ 4146 lakhs on this account in the Retained Earnings during the year ended 31st March, 2020 (previous year ₹ 2,394 lakhs) including ₹ 4078 for the net increased tax liability of previous financial year, determined at the time of filing of return of income.
40. In the earlier years, the Company had been partner in two Joint Venture Entities Madanpur Coal Company Private Limited (holding 20.67% equity) and Fatehpur Coal Mining Company Private Limited (holding 38.46% equity), being one of the allottee of coal blocks. The said allocations were however cancelled by the Supreme Court/ Government in the year 2014, rendering the JV entities' activity to stop and only option of closing down of entities. These entities have no or insignificant assets and hence not expected to recover the amount of investments/ expenditure incurred. As material uncertainty exists in recovering the amount paid / invested and since there is no activities/ subject matter requiring joint control from the parties, in the judgement of the management the Company does not have joint control over the JV entities from the date of cancellation. The amount invested / paid to these JV had been accounted as recoverable and a considered doubtful of recovery and fully provided for.



**Notes on Financial Statements**

41. Pursuant to the cancellation of the Choita coal mine of the Company vide Hon'ble Supreme Court's Order; the assets pertaining to this mine have been vested with the new owner in terms of a government order. The book values of the assets transferred to the new owner have been aggregated and shown as claim recoverable in the Books of Account. Necessary adjustment for gain/loss will be made in the Books of Accounts on the final settlement of the compensation claimed by the Company.
42. Details of Employees Benefits as required by the Ind AS 19 "Employee Benefits" are given below:-

**A) Defined Contribution Plans:**

During the year, the Company has recognised the following amounts in the Statement of Profit & Loss (included in Contribution to Provident & Other Funds):-

₹ in lakhs

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Contribution to Provident Fund	987	816
Contribution to Employees' State Insurance	96	133

**B) Defined Benefit Plan:**
**Reconciliation of opening and closing balances of Defined Benefit obligation**

	For the year ended 31 <sup>st</sup> March, 2020			For the year ended 31 <sup>st</sup> March, 2019		
	Gratuity (Unfunded)	Leave (Unfunded)	Sick (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)	Sick (Unfunded)
Defined Benefits obligation at the beginning of the year	3,857	1,453	515	3,407	1,214	407
Less: Transferred pursuant to demerger	—	—	—	148	62	11
Defined Benefits obligation at the beginning of the year (Post demerger)	3,857	1,453	515	3,259	1,152	396
Current Service Cost	300	139	57	266	117	46
Interest Cost	270	102	36	252	89	31
Actuarial (gain)/loss	271	124	19	214	153	42
Benefit paid	(128)	(67)	—	(134)	(58)	—
Defined Benefit obligation at the year end	4,570	1,751	627	3,857	1,453	515

	For the year ended 31 <sup>st</sup> March, 2020			For the year ended 31 <sup>st</sup> March, 2019		
	Gratuity (Unfunded)	Leave (Unfunded)	Sick (Unfunded)	Gratuity (Unfunded)	Leave (Unfunded)	Sick (Unfunded)
<b>Reconciliation of fair value of assets and obligations</b>						
Present value of obligation at year end	4,570	1,751	627	3,857	1,453	515
Amount recognized in Balance Sheet	4,570	1,751	627	3,857	1,453	515
<b>Expenses recognized during the year</b>						
Current Service Cost	300	139	57	266	117	46
Interest Cost	270	102	36	252	89	31
Actuarial gain/(loss)	271	124	19	214	153	42
Total Cost recognized in the Profit & Loss A/c	841	365	112	732	359	119
<b>Actuarial assumption</b>						
Mortality Table	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)	IALM 2006-08 (Ultimate)
Discount rate (per annum)	7.00%	7.00%	7.00%	7.75%	7.75%	7.75%
Rate of escalation in salary (per annum)	4.5%	4.5%	4.5%	5%	5%	5%

The estimate of rate of escalation is salary considered in actuarial valuation, taken into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the actuary.

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

### 43. Income tax expense:

₹ in lakhs

(A)	Components of Income Tax Expense	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	Current Tax	1,574	3,784
	Earlier Year Tax	–	114
	Deferred Tax on account of temporary differences	5,326	419
	Reversal of Minimum Alternate Tax(MAT) credit	4,146	2,394
	Income tax expense	11,046	6,711
	Income tax adjusted against securities premium	(5,326)	(419)
	Reversal of MAT credit against retained earning	(4,146)	(2,394)
	MAT credit entitlement	(1,574)	(2,555)
	<b>Tax expense recognised in the Statement of Profit and Loss</b>	<b>–</b>	<b>1,343</b>

(B)	Reconciliation of Income tax expense to the accounting profit for the year	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
	Profit before tax	11,819	55,265
	Income tax expense at normal rate	4,130 34.94%	19,312 34.94%
	Effect of income exempt from income tax	(943) (7.98%)	(15,628) (28.28%)
	Effect of temporary differences	(3,187) (26.96%)	(2,455) (4.44%)
	<b>Tax expenses</b>	<b>–</b>	<b>1,229 2.22%</b>
	MAT (Minimum alternate tax)	1,574 13.32%	3,784 6.85%
	Earlier year tax	–	114 0.21%
	Reversal of MAT credit	4,146 35.08%	2,394 4.33%
	Reversal of MAT credit against retained earning	(4,146) (35.08%)	(2,394) (4.33%)
	MAT credit entitlement	(1,574) (13.32%)	(2,555) (4.62%)
	<b>Tax expense recognised in the Statement of Profit and Loss</b>	<b>–</b>	<b>1,343 2.43%</b>

(C)	Tax Assets and Liabilities	As at 01 <sup>st</sup> April, 2020	As at 01 <sup>st</sup> April, 2019
	Current tax liabilities (net)	1,957	3,915

### 44. Movement in Deferred Tax Assets and Liabilities

₹ in lakhs

	For the year ended 31 <sup>st</sup> March, 2020					For the year ended 31 <sup>st</sup> March, 2019					
	As at 1 <sup>st</sup> April, 2019	Adjusted in the Securities Premium reserve	Addition During the Year	Adjusted in the Retained Earning	As at 31 <sup>st</sup> March, 2020	As at 1 <sup>st</sup> April, 2018	Transferred in pursuant of demerger	Adjusted in the Securities Premium reserve	Addition During the Year	Adjusted in the Retained Earning	As at 31 <sup>st</sup> March, 2019
Provision for employee benefits	2,035	392	–	–	2,427	1,740	(77)	372	–	–	2,035
Provision for doubtful debts and advances	354	90	–	–	444	219	(3)	138	–	–	354
Unused Tax Credits	25,424*	–	1,574	(8,259)	18,739	27,427	(2,163)	–	2,555	(2,395)	25,424
<b>Deferred tax assets</b>	<b>27,813</b>	<b>482</b>	<b>1,574</b>	<b>(8,259)</b>	<b>21,610</b>	<b>29,386</b>	<b>(2,243)</b>	<b>510</b>	<b>2,555</b>	<b>(2,395)</b>	<b>27,813</b>
Depreciation-Property, plant and equipment	(15,309)	(5,808)	–	–	(21,117)	(13,353)	–	(1,956)	–	–	(15,309)
<b>Deferred tax assets/(liabilities) (net)</b>	<b>12,504</b>	<b>(5,326)</b>	<b>1,574</b>	<b>(8,259)**</b>	<b>493</b>	<b>16,033</b>	<b>(2,243)</b>	<b>(1,446)</b>	<b>2,555</b>	<b>(2,395)</b>	<b>12,504</b>

\*Further, MAT Credit of ₹ 138.61 Lakhs has been transferred to Prakash Pipes Limited (ResultingCompany) on account of Business Combination taken place in the previous year. It has been ascertained by the management on the basis of available evidence.

\*\*Includes charged to Retained Earnings ₹ 4,146/- lakhs.

**Notes on Financial Statements**

45. Related party disclosure as required by Ind As -24 issued by Ministry of Corporate Affairs(MCA) are as under :-

(A) List of related parties and their relationship

a) Enterprise on which key management personnel and/or their relatives exercise significant influence.

1. Prakash Pipes Limited (PPL)

b) Key Management Personnel :

1. Shri V.P.Agarwal, Chairman
2. Shri Vikram Agarwal, Managing Director
3. Shri Kanha Agarwal, Joint Managing Director
4. Shri M.L.Pareek, Whole-time Director
5. Shri P.L. Gupta, Whole-time Director
6. Shri Ashwini Kumar, Company Secretary

(B) Transactions with related parties

₹ in lakhs

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Key Management Personnel</b>		
Short-term employee benefits*	1,837	1,099
Long-term employee benefits	–	–
Post-employment benefits	117	106
<b>Enterprises</b>		
Interest Paid	79	13
Interest Received	3	–
Loan Received (Net of Repayment)	–	1,020
Loan Received as on 31 <sup>st</sup> March, 2020	–	1,020
Loan Given as on 31 <sup>st</sup> March, 2020	467	–

\*Short-term employee benefits are included director's remuneration of ₹ 625 lakhs pertaining to the earlier years which has been accounted for on the basis of stakeholder approval.

Related party relationships are as identified by the management and relied upon by the Auditor. No amount due from/to any related party is/has been written off/back or considered doubtful.

46. Earning per share (EPS)

₹ in lakhs

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
Net Profit for the period (before OCI) (₹ in lakhs)	11,819	53,922
Weighted average no. of Equity Shares (In lakhs)	1,697	1,614
Diluted average no. of Equity Shares (In lakhs)	1,836	1,872
Basic Earning per Share (₹)	6.97	33.41
Diluted Earning per Share (₹)	6.44	28.80
Face Value of each Share (₹)	10	10

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

47. Certain balances of borrowing, Trade Receivable, Advances to suppliers, Trade Payable etc. are subject to confirmations. In the opinion of the management, no major adjustment will be required to be made in the accounts on receipt of these confirmations and subsequent to their reconciliations.

### 48. Segment Information

#### Operating Segments

The Company has determined following reporting segments based on the operating results of its business segments reviewed by the Company's Chief Operating Decision Maker for the purpose of making decision about resource allocation and performance assessment.

- a) Iron & Steel
- b) Power

₹ in lakhs

	For the year ended 31 <sup>st</sup> March, 2020	For the year ended 31 <sup>st</sup> March, 2019
<b>Segment Revenue</b>		
a) Power	399	79,723
b) Iron & Steel	2,96,965	3,58,364
Total	2,97,364	4,38,087
Less : Inter Segment Revenue (Power)	–	79,336
Net Sales/Income from Operations	2,97,364	3,58,751
<b>Segment Results</b>		
Profit before tax and interest		
a) Power	241	50,898
b) Iron & Steel	20,852	15,069
Total	21,093	65,967
Less : Financial Expenses	9,274	10,053
Exceptional Item	–	649
<b>Total Profit before tax</b>	11,819	55,265
<b>Segment Assets</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
a) Power	135	1,17,324
b) Iron & Steel	3,86,284	2,64,249
c) Unallocated	630	12,504
<b>Total</b>	<b>3,87,049</b>	<b>3,94,077</b>
<b>Segment Liabilities</b>	<b>As at 31<sup>st</sup> March, 2020</b>	<b>As at 31<sup>st</sup> March, 2019</b>
a) Power	30	29,411
b) Iron & Steel	87,559	69,566
c) Unallocated	9,041	9,740
<b>Total</b>	<b>96,630</b>	<b>1,08,717</b>

The entire power generated by its power plant at Champa is used captively only by the Company in its production processes of iron & steel. Therefore, in terms of Para 12 of Ind As 108, the management has decided to aggregate captive power into primary business operating segment i.e. "Iron & Steel" with effect from 1st April, 2019. Accordingly, figures of captive power generation business has been combined into one reportable segment of Iron & Steel business. Power segment results now represent the wind power business only and are not comparable with the figures of previous periods.

**Notes on Financial Statements**

49. The details of the expenditure on activities of Corporate Social Responsibilities (CSR) in pursuant to provisions of Section 135 of the Companies Act, 2013 are as under:

- a) The gross amount required to be spent by the Company during the year is ₹ 698.51 lakhs (previous year ₹ 339.50 lakh).  
b) The amount spent during the year on CSR activities is as follows:

₹ in lakhs

Sl. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2020			For the year ended 31 <sup>st</sup> March, 2019		
		Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
(i)	Construction /acquisition of any assets	–	–	–	–	–	–
(ii)	On purpose other than (i) above	702	–	702	411	–	411

50. a) Fair Value Measurements

₹ in lakhs

Particulars	For the year ended 31 <sup>st</sup> March, 2020			For the year ended 31 <sup>st</sup> March, 2019		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
<b>Non Current Assets</b>						
Financial assets						
Investment	–	–	–	–	–	–
Other financial assets	–	–	6,372	–	–	6,425
<b>Current assets</b>						
Financial assets						
Trade receivable	–	–	19,484	–	–	15,044
Cash and cash equivalents	–	–	2,968	–	–	1,562
Bank Balance	–	–	2,934	–	–	2,852
Loan	–	–	467	–	–	–
Other financial assets	–	–	7,424	–	–	5,512
<b>Total financial assets</b>	–	–	39,649	–	–	31,395
<b>Non-current Liabilities</b>						
Financial liabilities						
Borrowings	8,632	–	30,494	7,920	–	37,683
Non-current liabilities	–	–	–	–	–	–
<b>Current liabilities</b>						
Financial liabilities						
Borrowings	–	–	13,430	–	–	15,101
Trade payable	–	–	14,405	–	–	14,837
Other financial liabilities	–	–	16,623	–	–	14,562
<b>Total financial liabilities</b>	8,632	–	74,952	7,920	–	82,183

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

### b). Fair value hierarchy

This section explains the judgments and estimates made in determining the fair value of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

## Notes on Financial Statements

₹ in lakhs

(a) Financial Assets and liabilities which are measured at fair value: recurring fair value measurement as at 31 <sup>st</sup> March 2020		Level 1	Level 2	Level 3	Total
Financial liabilities					
Foreign currency convertible bond		8,632	–	–	8,632
Financial Assets and liabilities which are measured at fair value: recurring fair value measurement as at 31 <sup>st</sup> March 2019					
Financial liabilities					
Foreign currency convertible bond		7,920	–	–	7,920
(b) Financial Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at 31 <sup>st</sup> March 2020		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial Lease obligation		–	–	184	184
Financial Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at 31 <sup>st</sup> March 2019					
Financial liabilities					
Financial Lease obligation		–	–	172	172

#### (i) Valuation technique used to determine fair value:-

-The fair value of foreign currency convertible bonds and interest thereon are valued using respective currency conversion rate available on the reporting date with the Reserve Bank of India.

-The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

#### (ii) Fair value of financial assets and liabilities measured at amortised cost:-

₹ in lakhs

Financial liabilities	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Lease obligation	–	184	–	172

#### (iii) The carrying amount of trade receivable, trade payable, capital creditors and cash and cash equivalents are considered to the same as their fair value; due to their short-term nature.

## Notes on Financial Statements

### 51. Financial risk management

#### 51.1 Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance. The Company is not subject to any externally imposed capital requirements.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 17, 19 & 21 less cash and bank balances as detailed in note 10 & 11) and total equity of the Company. Equity consists of equity capital, share premium and all other equity reserves attributable to the equity holders.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

#### (a) Capital risk management

The Company objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

The Company strategy is to optimized gearing ratio. The gearing ratios were as follows:

₹ in lakhs

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Net debt	59,095	67,978
Total equity	2,90,419	2.85,360
Net debt to equity ratio	0.2	0.2

₹ in lakhs

(b)	Dividend	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
	Dividend not recognised at the end of the reporting period		
	The Directors have recommended the payment of a final dividend of ₹ 1.20 per fully paid equity share (31 <sup>st</sup> March, 2018 - Nil). This proposed dividend is subject to the approval of shareholder in the ensuing annual general meeting.		1,960.16
	Dividend recognised at the end of the reporting period		
	The Directors have recommended the payment of a final dividend of ₹ 1.20 per fully paid equity share (31 <sup>st</sup> March, 2018 - Nil). This final dividend is approved by the shareholders in the Annual General Meeting held on dated 28 <sup>th</sup> September, 2019.	2,055.16	

#### 51.2 Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise investments, cash and bank balance, trade and other receivables.

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

### a. Market risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates. There have been no changes to the Company's exposure to market risk or the manner in which it manages and measures the risk in recent past.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and bank deposits.

#### i. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is limited.

₹ in lakhs

Interest-rate risk exposure: the exposure of the Company borrowing to interest-rate changes at the end of the reporting period	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Variable rate borrowings	39,314	46,059
Fixed rate borrowing	19,741	19,869

Sensitivity: Profit or loss is sensitive to higher/lower interest expense from borrowing as a result of change in interest rate. Other components of equity change as a result of an increase/decrease in the fair value of cash flow.

₹ in lakhs

Impact of profit after tax	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
Interest rate - increased by 50 basis points (40 bps)	186	230
Interest rate - decreased by 50 basis points (40 bps)	(186)	(230)

#### ii. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's borrowings. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

a) Particulars of unhedged foreign currency exposures as at the reporting date:

USD in lakhs

Particulars	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
FCCB Borrowings	115	115
Interest	8	8
Total	123	123

(b) Sensitivity: the sensitivity of profit or loss to change in the exchange rate arise mainly from foreign currency denominated financial instruments

₹ in lakhs

IMPACT ON PROFIT OR LOSS	As at 31 <sup>st</sup> March, 2020	As at 31 <sup>st</sup> March, 2019
INR/USD-increased by 6% (March-2020 7%)	520	477
INR/USD-decreased by 6% (March-2020 7%)	(520)	(477)



## Notes on Financial Statements

### b. Credit risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy customers.

The credit limit is granted to a customer after assessing the Credit worthiness based on the information supplied by credit rating agencies, publicly available financial information or its own past trading records and trends.

At March 31, 2020, the Company did not consider there to be any significant concentration of credit risk, which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

#### (i) Expected credit loss for trade receivables under simplified approach

₹ in lakhs

Particulars	Not due	0-30 days	31-60 days	more than 60 days	Total
Gross carrying amount - trade receivable	19,484	—	—	351	19484
Expected credit losses	—	—	—	351	351
Carrying amount of trade receivables (net of impairment)	19,484	—	—	—	19,835

#### (ii) Expected credit loss for loans and advances, security deposit and claims receivable as at March 31, 2020

₹ in lakhs

		Total	%	Allowance for doubtful	Net
Loss allowance measured at 12 month expected credit loss	Loan & Advances	7,280	7.36%	536	6,744
	Security Deposit	271	-	-	271
	Claim Recoverable	7,369	5.21%	384	6,985

### c. Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities for the Company.

The Company has established an appropriate liquidity risk management framework for it's short-term, medium term and long-term funding requirement.

The table below summarizes the maturity profile of the Company's financial liabilities.

₹ in lakhs

Particulars	Less than 1year	1-5 years	> 5 years	Total payments
<b>As at 31<sup>st</sup> March, 2020</b>				
Borrowings and interest thereon	21,439	28,469	8,435	58,343
Trade and other payables	22,949	—	—	22,949
Other financial liabilities	12	48	122	182
<b>As at 31<sup>st</sup> March, 2019</b>				
Borrowings and interest thereon	23,106	32,599	10,794	66,499
Trade and other payables	21,329	—	—	21,329
Other financial liabilities	12	48	112	172

# PRAKASH INDUSTRIES LIMITED

## Notes on Financial Statements

### 52. Disclosure of Financial Lease hold land as per Ind AS -17 - Leases

₹ in lakhs

Particulars	Carrying Value	Less than 1year	1-5 years	> 5 years	Total payments
<b>As at 31<sup>st</sup> March, 2020</b>					
Lease hold land (Assets)	731	–	–	–	–
Minimum lease payment	1,420	12	48	1,360	1,420
Present value of minimum lease payment	171	12	48	111	171
<b>As at 31<sup>st</sup> March, 2019</b>					
Lease hold land (Assets)	731	–	–	–	–
Minimum lease payment	1,420	12	48	1,360	1,420
Present value of minimum lease payment	171	12	48	111	171

53. The Company has taken land on lease for its plants from various government and government agencies for 99 years, with condition of further renewal as per terms and conditions mutually agreed by both the parties and increase of lease rental to the extent of 25% of existing lease rental.
54. The Manufacturing facilities of the Company in Champa and Raipur were shut down on 25th March, 2020 following countrywide lockdown due to COVID-19. With easing of some restrictions, the Company restarted the integrated steel making operations at the Champa plant and Wire Rod/TMT making at Raipur plant with effect from 24th April, 2020.
55. Based on initial assessment, the Management does not expect any significant medium to long-term impact on the business of the Company due to the COVID-19 pandemic. The Company has evaluated the possible effects on the carrying amounts of property, plant and equipment, inventory and receivables basis the internal and external sources of determined, exercising reasonable estimates and judgements, that the carrying amounts of these assets are recoverable. Having regard to the above, and the Company's liquidity position, there is no material uncertainty in meeting the financial obligations over the foreseeable future.
56. Letter of credit (LCs) of ₹ 339 lakhs (net off margin money of ₹ 958 lakhs adjusted) has subsequently been devolved by the bankers in absence of timely payment. The payment could not be made on time due to COVID-19 Pandemic declared globally including India and done countrywide lockdown subsequently the end of financial year March, 2020.
57. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure. Figures have been rounded off to the nearest lakhs rupees unless otherwise stated.

As per our report of even date attached

**For Chaturvedi & Co.**

Chartered Accountants

Firm Registration No.302137E

**Pankaj Chaturvedi**

Partner

M.No.091239

**For and on behalf of the Board**

New Delhi  
27<sup>th</sup> June, 2020

**Ashwini Kumar**  
Company Secretary  
M.No.ACS 17025

**Vikram Agarwal**  
Managing Director  
DIN:00054125

**Kanha Agarwal**  
Jt. Managing Director  
DIN: 06885529

**P.L. Gupta**  
Whole - time Director & CFO  
DIN:00048868

**NOTICE**

NOTICE is hereby given that the 39<sup>th</sup> Annual General Meeting of the Members of Prakash Industries Limited will be held on Monday, the 28<sup>th</sup> September, 2020 at 12.30 p.m. at the Registered Office of the Company at 15 Km. Stone, Delhi Road, Hissar-125044 (Haryana) to transact the following business:-

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2020, Profit and Loss Account and Cash Flow Statement for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri P. L. Gupta (DIN: 00048868), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

3. **Approval for appointment of Shri Sunil Kumar (DIN:08047482) as Independent and Non-executive Director**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri Sunil Kumar (DIN:08047482), an Additional Director of the Company, holding office upto this Annual General Meeting, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 4<sup>th</sup> February, 2020 to 3<sup>rd</sup> February, 2025."

4. **Approval for re-appointment of Shri Ved Prakash Agarwal (DIN:00048907) as Chairman of the Company**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as **SPECIAL RESOLUTION**:

**"RESOLVED THAT** pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company and as per the provisions of Section 196, 197, 198, 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded for the re-appointment of Shri Ved Prakash Agarwal (DIN : 00048907) as Chairman of the Company for a period of three years with effect from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2023 subject to approval of Central Government and other appropriate authorities, if required, on the following terms and conditions:

- 1) Salary : ₹.52,00,000 p.m.  
(in the grade of ₹.52,00,000 - 2,00,000 - 56,00,000)

- 2) Perquisites : In addition to the afore said salary, the following perquisites would be allowed:

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

- i) Gratuity - In accordance with the provisions of Payment of Gratuity Act but shall not exceed half month's salary for each completed year of service.
- ii) Leave on full pay and allowances as per rules of the Company. Leave accumulated but not availed may be allowed to be encashed as per rules of the Company.
- iii) Free use of Company's Car with driver for Company's business.
- iv) Free mobile and telephone facility.
- v) Reimbursement of all entertainment and travelling expenses actually incurred by the Chairman for the business of the Company.

No sitting fee is to be paid for attending the meetings of Board of Directors or Committees thereof.

Provided that the total remuneration shall not exceed 5% of the net profit of the Company and if there is more than one Director, remuneration shall not exceed 10% of the net profit to all such Directors and Manager taken together.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to accept any modification(s) in the terms and conditions of the appointment in such manner as may be suggested by shareholders / authority and acceptable to Shri Ved Prakash Agarwal.

**RESOLVED FURTHER THAT** notwithstanding anything to the contrary contained hereinabove, where in any financial year, the Company has no profits or its profits are inadequate, the remuneration as decided by the Board from time to time pursuant to the provisions of Schedule V of the Companies Act, 2013 as amended from time to time shall be paid to Shri Ved Prakash Agarwal, Chairman as minimum remuneration with the approval of the Central Government, if required, for the period from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2023.

**RESOLVED FURTHER THAT** Shri P.L. Gupta, Whole-time Director and Shri Ashwini Kumar, Company Secretary of the Company be and are hereby severally authorised for obtaining necessary approvals - statutory, contractual or otherwise and to do all such acts, deeds, matters and things as are incidental thereto or as may be deemed necessary or desirable and settle any question or difficulty that may arise, in such manner as they may deem fit in order to give effect to the above resolution."

5. **Approval of waiver of recovery of excess managerial remuneration paid to Shri Ved Prakash Agarwal (DIN: 00048907), Chairman of the Company for the financial year 2019-20**

To consider and thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

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**"RESOLVED THAT** pursuant to Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), Schedule V to the Act (as amended by the Ministry of Corporate Affairs vide its notification No. S.O. 4822(E) and S.O. 4823(E) dated 12<sup>th</sup> September, 2018), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to other regulatory approval(s), if any, and in furtherance of the approval of the members of the Company accorded by passing the Special Resolution in the 36<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> July, 2017 and pursuant to the recommendations of Nomination and Remuneration Committee and Board of Directors of the Company, the approval of the members be and is hereby accorded to ratify the payment of the remuneration and confirm the waiver of the recovery of excess remuneration, paid, over and above the limits prescribed under the provisions of the Act, to Shri Ved Prakash Agarwal (DIN: 00048907), Chairman of the Company during the financial year ended 31<sup>st</sup> March, 2020, on the terms and conditions as approved by the members of the Company by way of Special Resolution in the 36<sup>th</sup> Annual General Meeting and details thereof mentioned in explanatory statement;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or desirable to give the effect to this resolution in this regard.

**RESOLVED FURTHER THAT** Shri P.L. Gupta, Whole-time Director and Shri Ashwini Kumar, Company Secretary of the Company, be and are hereby severally authorized for obtaining necessary approvals and do all such acts, deeds, matters and things as are incidental thereto or as may be deemed necessary or desirable and settle any question or difficulty that may arise, in such manner as they may deem fit in order to give effect to the aforesaid resolution."

**6. Approval of waiver of recovery of excess managerial remuneration paid to Shri Vikram Agarwal (DIN: 00054125), Managing Director of the Company for the financial year 2019-20**

To consider and thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), Schedule V to the Act (as amended by the Ministry of Corporate Affairs vide its notification No. S.O. 4822(E) and S.O. 4823(E) dated 12<sup>th</sup> September, 2018), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to other regulatory approval(s), if any, and in furtherance of the approval of the members of the Company accorded by passing the Special Resolution in the 37<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> July, 2018 and pursuant to the recommendations of Nomination and Remuneration Committee and Board of Directors of the Company, the approval of the members be and is hereby accorded to ratify the payment of the remuneration and confirm the waiver of the recovery of excess remuneration, paid, over and above the limits prescribed under the provisions of the Act, to Shri Vikram Agarwal (DIN: 00054125), Managing Director of the Company during the financial year ended 31<sup>st</sup> March, 2020, on the terms and conditions as approved by the members of the Company by way of Special Resolution in the 37<sup>th</sup> Annual General Meeting and details thereof mentioned in explanatory statement;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or desirable to give the effect to this resolution in this regard.

**RESOLVED FURTHER THAT** Shri P.L. Gupta, Whole-time Director and Shri Ashwini Kumar, Company Secretary of the Company, be and are hereby severally authorized for obtaining necessary approvals and do all such acts, deeds, matters and things as are incidental thereto or as may be deemed necessary or desirable and settle any question or difficulty that may arise, in such manner as they may deem fit in order to give effect to the aforesaid resolution."

**7 Approval of waiver of recovery of excess managerial remuneration paid to Shri Kanha Agarwal (DIN: 06885529), Joint Managing Director of the Company for the financial year 2019-20**

To consider and thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act"), Schedule V to the Act (as amended by the Ministry of Corporate Affairs vide its notification No. S.O. 4822(E) and S.O. 4823(E) dated 12<sup>th</sup> September, 2018), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to other regulatory approval(s), if any, and in furtherance of the approval of the members of the Company accorded by passing the Special Resolution in the Extra Ordinary General Meeting (EGM) held on 7<sup>th</sup> September, 2019 and pursuant to the recommendations of Nomination and Remuneration Committee and Board

## PRAKASH INDUSTRIES LIMITED

of Directors of the Company, the approval of the members be and is hereby accorded to ratify the payment of the remuneration and confirm the waiver of the recovery of excess remuneration, paid, over and above the limits prescribed under the provisions of the Act, to Shri Kanha Agarwal (DIN: 06885529), Joint Managing Director of the Company during the financial year ended 31<sup>st</sup> March, 2020, on the terms and conditions as approved by the members of the Company by way of Special Resolution in the EGM and details thereof mentioned in explanatory statement;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary or desirable to give the effect to this resolution in this regard.

**RESOLVED FURTHER THAT** Shri P.L. Gupta, Whole-time Director and Shri Ashwini Kumar, Company Secretary of the Company, be and are hereby severally authorized for obtaining necessary approvals and do all such acts, deeds, matters and things as are incidental thereto or as may be deemed necessary or desirable and settle any question or difficulty that may arise, in such manner as they may deem fit in order to give effect to the aforesaid resolution."

### 8. To ratify the remuneration of Cost Auditors

To consider and, if thought fit, to pass with or without modification(s) the following resolution as **ORDINARY RESOLUTION**:

**"RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the remuneration payable to M/s Rakshit & Associates (FRN 101951), Cost Accountants, the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2020-21 amounting to ₹ 1,50,000/ (Rupees One Lakh Fifty Thousand Only) apart from reimbursement of actual expenses to be incurred by them in connection with conducting the audit of cost records of the Company, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board  
**For Prakash Industries Limited**

Registered Office:

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

Dated : 27<sup>th</sup> June, 2020

CIN : L27109HR1980PLC010724

**Ashwini Kumar**  
Company Secretary

### NOTES:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The instrument appointing the proxy, duly completed, must be deposited at the Company's Registered / Corporate Office not less than 48 hours before commencement of the meeting. A proxy form for the AGM is enclosed.
4. Pursuant to Section 105 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 a person shall not act as proxy for more than fifty (50) members and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
5. Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representatives to attend and vote on their behalf at the meeting to the Company.
6. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.
7. Register of Members and Share Transfer Books will remain closed from 23<sup>rd</sup> September, 2020 to 25<sup>th</sup> September, 2020 (both days inclusive).
8. i) Members are requested to quote their folio, DP and client ID No. in all correspondence with the Company.  
ii) If there is any change in the postal address / email ID, members may update their new address or email ID with their respective DP in case of holding shares in demat form and if holding shares in physical form they should write to the Company.  
iii) Members holding shares in physical form and desirous of making nomination in respect of their shareholding in the Company may send Form SH-13 for the purpose which is available at the Corporate Office of the Company or may be downloaded from the Company's website [www.prakash.com](http://www.prakash.com).

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- iv) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in demat form are requested to update their PAN details with their respective DPs and those holding shares in physical form may send self attested copy of PAN card to the Company.

9. As per rules regarding unpaid / unclaimed dividend prescribed by MCA, Company has already given the details of unpaid/ unclaimed dividend for the financial year 2012-13 and 2013-14 on the website of Investor Education and Protection Fund (IEPF) viz. [www.iepf.gov.in](http://www.iepf.gov.in). Investors can also check their unpaid / unclaimed dividend details from the above said website.

Members who have not received / encashed their dividend warrants for the financial year 2012-13, 2013-14 and 2018-19 may please write to Shri Ashwini Kumar, Company Secretary and Compliance Officer, at the Company's Corporate Office for claiming the said dividends. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

Also pursuant to the provisions of the recently notified Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, shall also be transferred to the Investor Education and Protection Fund (IEPF).

Form for providing bank details is available on the Company's website [www.prakash.com](http://www.prakash.com) and also annexed with the Annual Report

### 10. Transfer of Unpaid / Unclaimed Amounts and Shares to Investor Education and Protection Fund

During the year under review, the Company has credited ₹ 7.75 Lakhs to the Investor Education and Protection Fund (IEPF) and also credited 90,889 equity shares of ₹ 10/- each to the IEPF Authority, in respect of which dividend had not been paid or claimed by the members for seven consecutive years or more as on the cut-off date pursuant to the provisions of the Companies Act, 2013. The Company has initiated necessary action for transfer of shares in respect of which dividend has not been paid or claimed by the members consecutively since 2012-13.

The Company has uploaded on its website the details of unpaid and unclaimed amounts lying with the Company as on date of last Annual General Meeting i.e. 28th September, 2019 and details of shares transferred to IEPF during the financial year 2019-20. The aforesaid details are put on the Company's website and can be accessed at <https://prakash.com/unclaimed-dividend/>.

The Company has also uploaded these details on the website of the IEPF Authority viz. [www.iepf.gov.in](http://www.iepf.gov.in).

The voting rights on the shares transferred to IEPF Authority shall remain frozen till the rightful owner claims the shares.

11. Members holding shares in physical form are advised to convert their shareholding in dematerialized form with any depository participant.
12. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.
13. The Ministry of Corporate Affairs (MCA) has undertaken a "Green Initiative in Corporate Governance" and allowed Companies to send documents through electronic mode to its members. As per Regulation 36(1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies shall send soft copies of the Annual Report and other notices to all those members who have registered their email ids for the said purpose. Members are requested to support this Green Initiative by registering/ updating their email ids for receiving electronic communications.

Members holding shares in electronic mode are requested to update their email ids with their respective DPs and those holding shares in physical mode are requested to update their email ids with the Company at SRIVAN, Najafgarh Bijwasan Road, Bijwasan, New Delhi-110061.

### 14. Voting through electronic means :

- A. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility to its Members in respect of the businesses to be transacted at the 39th Annual General Meeting ("AGM"). The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") as the Authorised Agency to provide e-voting facilities.
- B. Members who have registered their email ids for the said purpose. Members are requested to support this Green Initiative by registering/ updating their email ids for receiving electronic communications.

### Instructions:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25<sup>th</sup> September, 2020 (09:00 a.m.) and ends on 27<sup>th</sup> September, 2020

## PRAKASH INDUSTRIES LIMITED

(05:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21<sup>st</sup> September, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders / Members.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next Enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	<b>For Shareholders holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and 8 digits client ID or folio number, if folio number is less than 8 digits enter the applicable number of 0's before folio number.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <p>If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company 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.

- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN of "**Prakash Industries Limited**".
- (xiii) 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.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phones users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non - Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## PRAKASH INDUSTRIES LIMITED

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- C. Any person, who acquires shares of the Company and become Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. 21<sup>st</sup> September, 2020 may follow the same instructions as mentioned above for e-Voting.
- 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)
- E. M/s S.K. Hota & Associates, Company Secretaries (Membership No.16165 & CP No.6425) has been appointed as the Scrutinizer and Alternate scrutinizer to scrutinize the remote e-voting process and voting through Ballot paper in the meeting, in a fair and transparent manner.
- F. The Scrutinizer, after scrutinising the votes cast at the meeting through ballot paper and through remote e-voting, will not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman.
- G. In the event of poll, please note that the members who have exercised their right to vote through electronic means as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and report thereon shall be prepared in accordance with Section 109 of the Act read with relevant rules. In such an event, votes cast under Poll taken together with the votes cast through remote e-voting shall be counted for the purpose of passing of resolution(s). No voting by show of hands will be allowed at the Meeting.
- H. Subject to receipt of sufficient votes, the resolution(s) shall be deemed to be passed at the 39<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Monday the 28<sup>th</sup>

September, 2020. The Results shall be declared within 48 Hours from the conclusion of the meeting. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website, [www.prakash.com](http://www.prakash.com) and on CDSL's website, [www.cdslindia.com](http://www.cdslindia.com) / [www.evotingindia.com](http://www.evotingindia.com) within 48 hours of passing of the Resolutions at the meeting and communicated to the Stock Exchanges

15. Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of the Secretarial Standard 2 as per Annexure- A
16. Members are requested to bring their duly filled Attendance Slip enclosed herewith to attend the meeting along with their copy of Annual Report.
17. A route map to the venue of the AGM alongwith prominent landmark for easy location is enclosed.

### EXPLANATORY STATEMENT

#### (Pursuant to Section 102 of the Companies Act, 2013).

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item No.3 to 8 of the accompanying Notice:

#### Item No.3

Shri Sunil Kumar was appointed as an Independent Director w.e.f. 4<sup>th</sup> February, 2020. Based on the recommendations of the Nomination and Remuneration Committee and the performance evaluation, the Board of Directors desires to appoint him to hold office as an Independent Director of the Company for a term of Five years w.e.f. 4<sup>th</sup> February 2020 to 3<sup>rd</sup> February, 2025.

As per Section 161 of The Companies Act, 2013 Shri Sunil Kumar holds office as an Additional Director up to the date of ensuing Annual General Meeting of the Company. Section 149 of Companies Act, 2013, requires appointment of an Independent Director to be approved by the Members by way of an Ordinary Resolution.

Shri Sunil Kumar is a consultant and has more than 14 years experience in the field of financial and real estate market.

Further, Shri Sunil Kumar being an Independent Director, shall not be liable to retire by rotation.

The Board recommends the Resolution set out at Item No.3 for your approval.

#### Item No.4

Shri Ved Prakash Agarwal is an experienced Industrialist hailing from a reputed business house. He has been with the Company since its inception and is thus conversant with all the facets of the working of the Company.



## PRAKASH INDUSTRIES LIMITED

The Shareholders of the Company at the Annual General Meeting held on 25<sup>th</sup> July, 2017 had re-appointed Shri Ved Prakash Agarwal for a period of three years from 1<sup>st</sup> April, 2017. Under the management control and guidance of Shri Ved Prakash Agarwal, the Company has consistently improved upon its performance. The Board has re-appointed him as Chairman of the Company for a period of three years commencing from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2023 on the terms & conditions as mentioned in the resolution.

The matter had been discussed and approved by the Nomination and Remuneration Committee and Board in its meetings held on 12<sup>th</sup> February, 2020 which recommended the re-appointment and remuneration payable as mentioned in the resolution as set out at item No.4 of the Notice subject to the approval of the shareholders.

A copy of the resolution passed by the Board of Directors relating to the terms and conditions of payment of remuneration and other relevant documents are open for inspection for the members at the Registered Office of the Company between 11.00 AM. to 1.00 PM on any working day prior to the date of the meeting. The above terms and conditions as set out in the said Resolution may be treated as an abstract under Section 190 of the Companies Act, 2013.

The Board also considers that Shri Ved Prakash Agarwal's continued association would be of immense benefit to the Company and it is desirable to continue to avail his services as Chairman of the Company.

None of the Directors except Shri Ved Prakash Agarwal, Shri Vikram Agarwal and Shri Kanha Agarwal are interested in the resolution.

The Board recommends the resolution set out at Item No.4 for your approval.

### Item No. 5 to 8

Shri Ved Prakash Agarwal (DIN: 00048907) was re-appointed by the members of the Company at its 36<sup>th</sup> Annual General Meeting (AGM) held on 25<sup>th</sup> July 2017, as the Chairman of the Company from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March 2020. He has been leading the Company since incorporation in 1980 and under his able guidance and services, the Company has achieved milestones.

Shri Vikram Agarwal (DIN: 00054125) was re-appointed by the members of the Company at its 37<sup>th</sup> AGM held on 28<sup>th</sup> July 2018, as the Managing Director of the Company from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March 2021. He has been associated with the Company since 2005.

Shri Kanha Agarwal (DIN: 06885529), was re-appointed by the members of the Company at its EGM held on 7<sup>th</sup> September 2019, as the Joint Managing Director of the Company from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March 2022. He has been associated with the Company since 2014.

The Central Government has made amendment in the Section 196, 197 and 198 of the Companies Act, 2013 vide Companies (Amendment) Act, 2017 that no approval of Central Government is required in case of Managerial Remuneration and a special resolution has to be passed for waiver of recovery of excess managerial remuneration paid to Chairman, Managing Director and Joint Managing Director in excess of limit provided as per Section 198 of the Companies Act, 2013. The Central Government notified Sections 66 to 70 (both inclusive) of the Companies (Amendment) Act, 2017 vide Notification dated 12<sup>th</sup> September 2018.

Further, currently, the Company has not defaulted in payment of dues to any of its banks, public institutions, non-convertible debenture holders or any other secured creditors; therefore, their prior approval is not required.

The other information as required under Section - II of Part - II of Schedule V to the Companies Act, 2013 is given as under:

### I GENERAL INFORMATION: (Item No. 5 to 8)

1. Nature of Industry: Steel and Power
2. Date or expected date of commencement of commercial operation: 18<sup>th</sup> August, 1980. (The Company is an existing Company and was incorporated on 31<sup>st</sup> July 1980)
3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: N.A.
4. Financial performance based on given indicators:

(₹ in Crores except EPS)

Particular	2018-2019 (Audited Standalone)	2017-18 (Audited Standalone)	2016-2017 (Audited Standalone)
Total Income	3595.08	2949.62	2176.82
Profit/(Loss) before tax	559.14	388.34	88.40
Total Comprehensive Income	535.13	383.36	78.35
Earning per Share	28.80	23.05	5.40

5. Foreign investments or collaborations, if any:  
Not Applicable

### II INFORMATION ABOUT THE APPOINTEE:

#### Item No.5

- i) Name of the Director: Shri Ved Prakash Agarwal
- ii) Background Details: He is the Chairman of the Company since 1996. Under his able leadership and guidance, the Company completed expansions plans and commercial projects successfully.

## PRAKASH INDUSTRIES LIMITED

### iii) Past remuneration:

2016-2017 : ₹ 4.08 Crores

2017-2018 : ₹ 4.80 Crores

2018-2019 : ₹ 5.40 Crores

### iv) Recognition or awards: None

### v) Job profile and his suitability: He is leading the Company as Chairman and plays major role in providing the thought leadership and strategic inputs and under his able leadership, guidance and services, Company has grown manifold.

### vi) Remuneration proposed for waiver:

As per following term and conditions of Special Resolution passed in 36<sup>th</sup> Annual general Meeting held on 25<sup>th</sup> July, 2017:

#### 1) Salary : ₹ 40,00,000 p.m.

(in the grade of ₹ 40,00,000 - 5,00,000 - 50,00,000)

#### 2) Perquisites : In addition to the aforesaid salary, the following perquisites would be allowed:

##### Category 'A'

The following perquisites shall not be included in the computation of the ceiling on remuneration specified above:

#### i) Gratuity - In accordance with the provisions of Payment of Gratuity Act but shall not exceed half month's salary for each completed year of service.

#### ii) Leave on full pay and allowances as per rules of the Company. Leave accumulated but not availed may be allowed to be encashed as per rules of the Company.

##### Category 'B'

#### i) Free use of Company's Car with driver for Company's business.

#### ii) Free mobile and telephone facility.

#### iii) Reimbursement of all entertainment and travelling expenses actually incurred by the Chairman for the business of the Company.

### vii) Comparative remuneration profile with respect to Industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

The remuneration was paid as per standard remuneration being drawn by similar positions in Steel and Power industry and has been considered by the Nomination and Remuneration Committee and Board of Directors of the Company.

### viii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Shri Ved Prakash Agarwal is a promoter of the Company. He holds 8443907 Equity Shares (4.93%) of the Company as on 31<sup>st</sup> March, 2020. He received remuneration from the Company as per the details mentioned above. Apart from this, he does not have any pecuniary relationships in the Company.

Shri Vikram Agarwal, Managing Director and Shri Kanha Agarwal, Joint Managing Director are his sons on the Board of the Company.

### Item No. 6

#### i) Name of the Director: Shri Vikram Agarwal

#### ii) Background Details: He is the Managing Director of the Company. He joined the Company in the year 2005.

#### iii) Past remuneration:

2016-2017: ₹ 1.68 Crores

2017-2018: ₹ 2.02 Crores

2018-2019: ₹ 2.69 Crores

#### iv) Recognition or awards: He is the recipient of "Emerging India Business Baron Award" conferred by IES in the year 2012.

#### v) Job profile and his suitability: He is associated with the Company since 2005 and presently he is the Managing Director of the Company. He is actively involved in day to day affairs of the Company.

#### vi) Remuneration proposed for waiver:

As per following term and conditions of Special Resolution passed in 37<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> July, 2018:

#### 1. Salary: ₹ 20,00,000/- p.m.

(in the grade of ₹ 20,00,000 - 2,00,000 - 24,00,000)

#### 2. Perquisites: In addition to the aforesaid salary, the following perquisites would be allowed:

#### i) Company's contribution towards Provident Fund equivalent to 12 % of the salary if he is member of provident fund or in case of he is non-member of provident fund, ex-gratia in lieu of contribution to provident fund equivalent to 12% of the salary.

#### ii) Gratuity - In accordance with the provisions of Payment of Gratuity Act but shall not exceed half month's salary for each completed year of service.

#### iii) Leave on full pay and allowances as per rules of the Company. Leave accumulated but not availed may be allowed to encash as per rules of the Company.

#### iv) Free use of Company's Car with driver for Company's business.

3. He shall also be entitled to reimbursement of expenses on actual basis which are incurred for business of the Company.
4. No sitting fee is to be paid for attending the meetings of Board of Directors or Committees thereof.

vii) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

The remuneration was paid as per standard remuneration being drawn by similar positions in Steel and Power industry and has been considered by the Nomination and Remuneration Committee and Board of Directors of the Company.

viii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Shri Vikram Agarwal is a promoter of the Company. He holds 4,06,500 Equity Shares (0.24%) of the Company as on 31<sup>st</sup> March, 2020. He received remuneration from the Company as per the details mentioned above. Apart from this, he does not have any pecuniary relationships in the Company.

Shri Ved Prakash Agarwal, Chairman is the father of Shri Vikram Agarwal. Shri Kanha Agarwal, Joint Managing Director is brother of Shri Vikram Agarwal, Managing Director of the Company.

#### **Item No. 7**

- i) Name of the Director: Shri Kanha Agarwal
- ii) Background Details: He is the Joint Managing Director of the Company. He joined the Company in the year 2014.
- iii) Past remuneration:
  - 2016-2017: ₹ 0.26 Crores
  - 2017-2018: ₹ 0.30 Crores
  - 2018-2019: ₹ 1.20 Crores
- iv) Recognition or awards: None
- v) Job profile and his suitability: He is associated with the Company since 2014 and presently he is the Joint Managing Director of the Company. He is actively involved in day to day affairs of the Company.
- vi) Remuneration proposed for waiver:

As per following term and conditions of Special Resolution passed in EGM held on 7<sup>th</sup> September 2019.

1. Salary: ₹ 11,50,000/- p.m.  
(in the grade of ₹ 11,50,000 - 2,25,000 - 16,00,000)
2. Perquisites: In addition to the aforesaid salary, the following perquisites would be allowed:
  - i) Company's contribution towards Provident Fund equivalent to 12 % of the salary if he is member of provident fund or in case of he is non-member of

provident fund, ex-gratia in lieu of contribution to provident fund equivalent to 12% of the salary.

- ii) Gratuity - In accordance with the provisions of Payment of Gratuity Act but shall not exceed half month's salary for each completed year of service.
- iii) Leave on full pay and allowances as per rules of the Company. Leave accumulated but not availed may be allowed to encash as per rules of the Company.
- iv) Free use of Company's Car with driver for Company's business.

3. He shall also be entitled to reimbursement of expenses on actual basis which are incurred for business of the Company.

4. No sitting fee is to be paid for attending the meetings of Board of Directors or Committees thereof.

vii) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

The remuneration was paid as per standard remuneration being drawn by similar positions in Steel and Power industry and has been considered by the Nomination and Remuneration Committee and Board of Directors of the Company.

viii) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.

Shri Kanha Agarwal is a promoter of the Company. He holds 18,540 Equity Shares (0.01%) of the Company as on 31<sup>st</sup> March, 2020. He received remuneration from the Company as per the details mentioned above. Apart from this, he does not have any pecuniary relationships in the Company.

Shri Ved Prakash Agarwal, Chairman is the father of Shri Vikram Agarwal. Shri Vikram Agarwal, Managing Director is brother of Shri Kanha, Joint Managing Director of the Company.

#### **III Reason of loss or inadequate profits:**

In view of the increased cost of raw material, as well as increased borrowing cost, volatile market conditions, Coal and Iron ore imports at predatory prices, high interest burden due to additional debt taken, and depreciation impact of large asset base put pressure on steel prices domestically. This affected the profitability and the Company reported less net profit.

#### **Steps taken or proposed to be taken for improvement & expected increase in productivity and profits in measurable terms:**

The Company has taken necessary steps to ensure optimum capacity utilization to achieve higher growth on

## **PRAKASH INDUSTRIES LIMITED**

turnover and higher EBITDA. In addition to this, the Company is also ensuring reduction in raw material cost by participating in Coal linkage auctions. The Company has recently commenced the commercial extraction of Iron Ore at its Sirkaguttu Iron Ore Mine in the state of Odisha. This is an important mile stone for the Company and will result in cost reduction as it is the key input for steel making. This will ensure availability of raw material at a cheaper price and increase competitiveness in procurement process thereby reducing the procurement cost substantially.

### **Item No.8**

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

The Board on the recommendation of the Audit Committee has approved the remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2020-21 as mentioned in the resolution set out at Item No.8 of the notice.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at this item of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year 2020-21.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

The Board recommends the Resolution set out at Item No. 8 for ratification by the shareholders.

By order of the Board  
**For Prakash Industries Limited**

Registered Office:  
15 Km. Stone,  
Delhi Road,  
Hissar – 125044 (Haryana)

Dated : 27<sup>th</sup> June, 2020  
CIN : L27109HR1980PLC010724

**Ashwini Kumar**  
Company Secretary

**PRAKASH INDUSTRIES LIMITED****ANNEXURE-A**

**Details of Director(s) seeking appointment/reappointment at the forthcoming Annual General Meeting(AGM) pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of the Secretarial Standard 2**

Name of the Director	Shri P.L. Gupta
Date of Birth	05.04.1951
Date of First appointment on the Board	07.11.2011
Qualifications	Chartered Accountant
Experience / Expertise in specific function areas / Brief resume of the Director.	Shri P.L. Gupta is Chartered Accountant having experience of 41 years and has been associated with the Company for more than two decades and thus conversant with all facets of the working of the Company.
Terms and Conditions of appointment/re-appointment	Proposed re-appointment is as per Section 152 and 160 of the Companies Act, 2013
Details of remuneration sought to be paid and remuneration last drawn	Remuneration as per terms and conditions of appointment vide special resolution passed in 37 <sup>th</sup> AGM held on 28.07.2018 effective from 01.04.2018 to 31.03.2021
Disclosure of Relationship with other Directors Manager and Key Managerial Personnel of the Company	Not inter-se related to any other Director or key Managerial Personnel
No. of Meeting of Board of Directors attended during the F.Y. 2019-20	4
Other Directorship held	1
Membership/Chairmanship of Committees of other Boards	Nil
Shareholding in the Company	Nil

Name of the Director	Shri Sunil Kumar
Date of Birth	16.08.1973
Date of First appointment on the Board	04.02.2020
Qualifications	Graduate
Experience / Expertise in specific function areas / Brief resume of the Director.	Shri Sunil Kumar is consultant and having work experience of more than 14 years in the field of financial and the real estate market.
Terms and Conditions of appointment/re-appointment	Proposed appointment is for five years w.e.f. 04.02.2020 to 03.02.2025
Details of remuneration sought to be paid and remuneration last drawn	Only sitting fees will be paid for attending the meeting.
Disclosure of Relationship with other Directors Manager and Key Managerial Personnel of the Company	Not inter-se related to any other Director or key Managerial Personnel
No. of Meeting of Board of Directors attended during the F.Y. 2019-20	4
Other Directorship held	Nil
Membership/Chairmanship of Committees of other Boards	Nil
Shareholding in the Company	Nil

## PRAKASH INDUSTRIES LIMITED

Details of Director(s) seeking appointment/reappointment at the forthcoming Annual General Meeting(AGM) pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of the Secretarial Standard 2

Name of the Director	Shri Ved Prakash Agarwal
Date of Birth	24.03.1956
Date of First appointment on the Board	31.07.1980
Qualifications	Graduate
Experience / Expertise in specific function areas / Brief resume of the Director.	Shri Ved Prakash Agarwal is associated with the Company since its incorporation.
Terms and Conditions of appointment/re-appointment	Term and conditions of re-appointment vide proposed special resolution to be passed in this AGM effective from 01.04.2020 to 31.03.2023
Details of remuneration sought to be paid and remuneration last drawn	Remuneration as per term and conditions of re-appointment vide proposed special resolution to be passed in this AGM.
Disclosure of Relationship with other Directors Manager and Key Managerial Personnel of the Company	Shri Ved Prakash Agarwal, Chairman of the Company is father of Shri Vikram Agarwal, Managing Director and Shri Kanha Agarwal, Joint Managing Director of the Company
No. of Meeting of Board of Directors attended during the F.Y. 2019-20	4
Other Directorship held	6
Membership/Chairmanship of Committees of other Boards	1
Shareholding in the Company	8443907 Shares

**PRAKASH INDUSTRIES LIMITED****NATIONAL AUTOMATED CLEARING HOUSE (NACH)**

To, Company Secretary Prakash Industries Ltd. SRIVAN Najafgarh - Bijwasan Road, Bijwasan, New Delhi - 110061	To, The Depository Participant Concerned <i>(In case of shares held in Demat, Form be sent direct to DP and not to the Company)</i>
--	---

Dear Sirs,

Please fill in the information in CAPITAL LETTERS in ENGLISH only.

**For Office Only**

Ref. No.

**Shares held in Physical Form**

Folio No.






**Shares held in Demat Form**

DP ID No. (NSDL)\*









Client ID No. :









DP ID &amp; Client ID No.(CDSL)\*

















\*Applicable for Investors holding shares in Demat Form

Name of Sole/First holder	
Bank Name	
Branch Name	
Branch Code	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

(9 Digits Code number appearing on the MICR Band of the cheque supplied by the Bank).  
 Please attached a xerox copy of cancelled cheque for ensuring accuracy of the bank's name, branch name and code number etc.

Account type (Please Tick (✓) wherever applicable)	→	Savings <input type="checkbox"/>	→	Current <input type="checkbox"/>	→	Cash Credit <input type="checkbox"/>
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Account No. (as appearing in the cheque book)	→	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
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I, hereby declare that the particulars given above are correct and complete. I shall not hold the Company, responsible if any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, I agree to avail the NACH facility as implemented by Prakash Industries Ltd.

I further undertake to inform Prakash Industries Ltd. OR concerned Depository Participant of any change in the particulars given above to facilitate updation of records.

Place : \_\_\_\_\_

Date : \_\_\_\_\_

(Signature of Sole/First holder)

Phone/Mob. : \_\_\_\_\_

Email : \_\_\_\_\_

**NOTES :**

- FOR SHARES HELD IN PHYSICAL FORM, NACH MANDATE IS REQUIRED TO BE SENT TO THE COMPANY AT ABOVE ADDRESS.
- FOR SHARES HELD IN DEMATERIALIZED FORM, NACH MANDATE IS REQUIRED TO BE FILED WITH THE CONCERNED DEPOSITORY PARTICIPANT AND NOT TO THE COMPANY.





**E-COMMUNICATION REGISTRATION FORM**

To,

**Prakash Industries Limited**

SRIVAN

Bijwasan

New Delhi - 110061

Ph. No. +91-11-25305800

Fax No. +91-11-28062119

E-mail: investorshelpline@prakash.com

Website: www.prakash.com

**Green Initiative in Corporate Governance**

I/We hereby exercise my/our option to receive all Notices / Documents, etc. from the Company including Notice of General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, Postal Ballot Notice, etc. in electronic mode.

Please register my e-mail ID as given below, in your records, for sending the communications:

DP ID & Client ID / Folio No.	:	.....
Name of 1st Registered Holder	:	.....
Name of Joint Holder(s), if any	:	.....
Registered Address of the Sole/ 1st Registered Holder	:	..... ..... .....
E-mail ID (to be registered)	:	.....

Date : .....

Signature : .....

**Notes:**

1. The above form may be used for registering the E-mail IDs by those Shareholders who hold Shares in physical form.
2. The form duly filled and signed may please be sent to Company's above mentioned address.
3. Members holding shares in electronic mode are requested to ensure to keep their e-mail addresses updated with the depository participants.
4. On registration, all the communications will be sent to the E-mail ID registered.
5. The form is also available on the website of the Company i.e. www.prakash.com under the 'Investors Section'.
6. Shareholders are requested to keep updated to their depository participants / Company's above mentioned address as and when there is any change in the e-mail address.





# Prakash Industries Limited

CIN : L27109HR1980PLC010724

Registered Office : 15 Km. Stone, Delhi Road, Hissar – 125044 (Haryana)

## ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint share holders may obtain additional Slip at the Venue of the Meeting

Folio or DP ID & Client ID* No.	
Name of Shareholder(s)	

I/We hereby record my/our presence at the **39<sup>th</sup> Annual General Meeting** of the Company to be held on Monday, 28<sup>th</sup> September, 2020 at 12.30 PM at 15 Km. Stone, Delhi Road, Hissar-125044 (Haryana)

\*Applicable for the Shareholders holding shares in electronic form.

Signature of Shareholder/Proxy

**Note :** Please read the instructions printed under the Note No. 14 to the Notice of **39<sup>th</sup> Annual General Meeting**. The e-voting period starts on Friday, 25<sup>th</sup> September, 2020 (9.00 am) and ends on Sunday, 27<sup>th</sup> September, 2020 (5.00 pm). At the end of the e-voting period, the portal where the votes are cast shall forthwith be blocked by CDSL.



# Prakash Industries Limited

CIN : L27109HR1980PLC010724

Registered Office : 15 Km. Stone, Delhi Road, Hissar – 125044 (Haryana)

## 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) Rules, 2014]

Name of the Member(s) :	E-mail ID :
Registered Address :	Folio or DP ID & Client ID* No.

I/We, being the member(s) of Prakash Industries Limited holding \_\_\_\_\_ equity shares, hereby appoint :

- 1) \_\_\_\_\_ of \_\_\_\_\_ having E-mail ID \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having E-mail ID \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having E-mail ID \_\_\_\_\_ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **39<sup>th</sup> Annual General Meeting** of the Company to be held on Monday, 28<sup>th</sup> September, 2020 at 12.30 PM at 15 Km. Stone, Delhi Road, Hissar-125044 (Haryana) and at any adjournment thereof in respect of such resolutions as are indicated below:

I/we wish my/our above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Description of Resolution	For	Against
1.	Consider and adopt Audited Financial Statements, Reports of the Board of Directors as at 31 <sup>st</sup> March, 2020		
2.	Re-appointment of Shri P. L. Gupta (DIN: 00048868), who retires by rotation		
3.	Approval for appointment of Shri Sunil Kumar (DIN :08047482), as Independent and Non-executive Director		
4.	Approval for re-appointment of Shri Ved Prakash Agarwal (DIN: 00048907) as Chairman of the Company		
5.	Approval of waiver of recovery of excess managerial remuneration paid to Shri Ved Prakash Agarwal (DIN: 00048907), Chairman of the Company for the financial year 2019-20		
6.	Approval of waiver of recovery of excess managerial remuneration paid to Shri Vikram Agarwal (DIN: 00054125), Managing Director of the Company for the financial year 2019-20		
7.	Approval of waiver of recovery of excess managerial remuneration paid to Shri Kanha Agarwal (DIN: 06885529), Joint Managing Director of the Company for the financial year 2019-20		
8.	Ratification of remuneration of Cost Auditors		

Signed this ..... day of ..... 2020

Signature of shareholder

Affix  
Revenue  
Stamp  
1

Signature of first proxy holder

Signature of second proxy holder

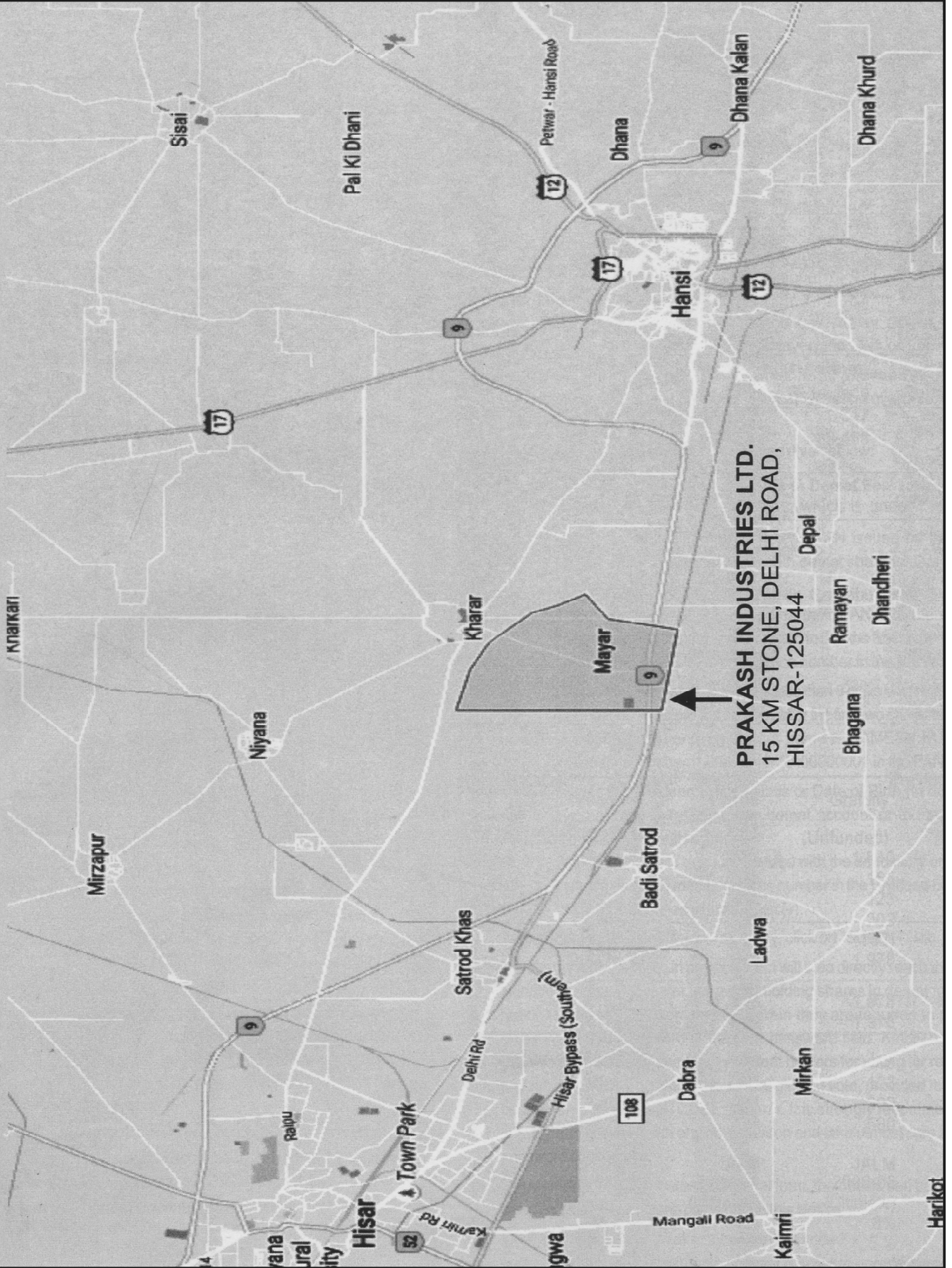
Signature of third proxy holder

**Notes:** (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered/Corporate Office of the Company not less than 48 hours before the commencement of the meeting.

(2) This is only optional. Please tick (✓) in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.



Route Map for Venue of 39<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 28<sup>th</sup> September, 2020









**Prakash**  
Industries Limited

**Corporate Office :**

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Tel : +91-11-25305800

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Email : [pilho@prakash.com](mailto:pilho@prakash.com)

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