

NFRA issues Financial Reporting Quality Review (FRQR) Report of Prabhu Steels Industries Limited (CIN: L28100MH1972PLC015817) for FY 2019-20

Posted On: 14 FEB 2022 7:09PM by PIB Delhi

The National Financial Reporting Authority (NFRA) has issued the Financial Reporting Quality Review Report (FRQRR) in respect of Prabhu Steels Industries Limited (PSIL) for the Financial Year 2019-20.

Some of the main observations classified as High Impact w.r.t. Non Compliances of Accounting Standards on part of the Company are as follows:

- a. PSIL is a listed company and therefore it is required to follow the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013. However, the company has provided contradictory disclosures in the Director's Report and the Notes to Annual Accounts regarding the fundamental aspect of the applicable accounting framework followed in the preparation of Financial Statements for the year 2019-20.
By not complying with the material requirements of Ind AS Framework and providing disclosures under previously applicable accounting framework, the Company has violated the provisions of the Companies Act, 2013 regarding the preparation and presentation of the Financial Statements.
- b. The Company failed to present a component of financial statements i.e., Statement of Changes in Equity in the Financial Statements as required by sub-section 40 of section 2 of the CA, 2013, Ind AS 1, and Schedule III to the CA, 2013.
- c. The Company has failed to comply with the key requirements of Ind ASs on Financial Instruments and Fair Value Measurement viz. Ind AS 109, Ind AS 107, Ind AS 32 and Ind AS 113; it has failed to perform proper evaluation of impairment loss allowance for its major category of its Financial Assets viz. Trade Receivables, Loans and Advances and Bank Balances; in the financial statements, there is absence of disclosures required by Ind AS 107 regarding significance of Financial Instruments, nature and extent of risk arising from the Financial Instruments.
- d. The Company has failed to make appropriate disclosure as required by Schedule III to CA, 2013 regarding its Borrowings in the form of Loans taken and the Assets in the form of Loans and Advances given.
- e. The Company has also failed to provide depreciation on its idle plant and machinery, thus violated the underlying principle of Ind AS 16.
- f. Apart from the above, the Company has made violations of the Companies Act, 2013 and the provisions of applicable Ind ASs in almost all the areas of accounting as detailed in the FRQR Report.

In view of the errors/omissions being pervasive across the entire Financial Statements, PSIL has agreed to prepare and publish restated Financial Statements as per Companies Act, 2013, within 90 days.

The FRQR Report can be seen on NFRA website: <https://nfra.gov.in>.

RM/KMN

(Release ID: 1798348)