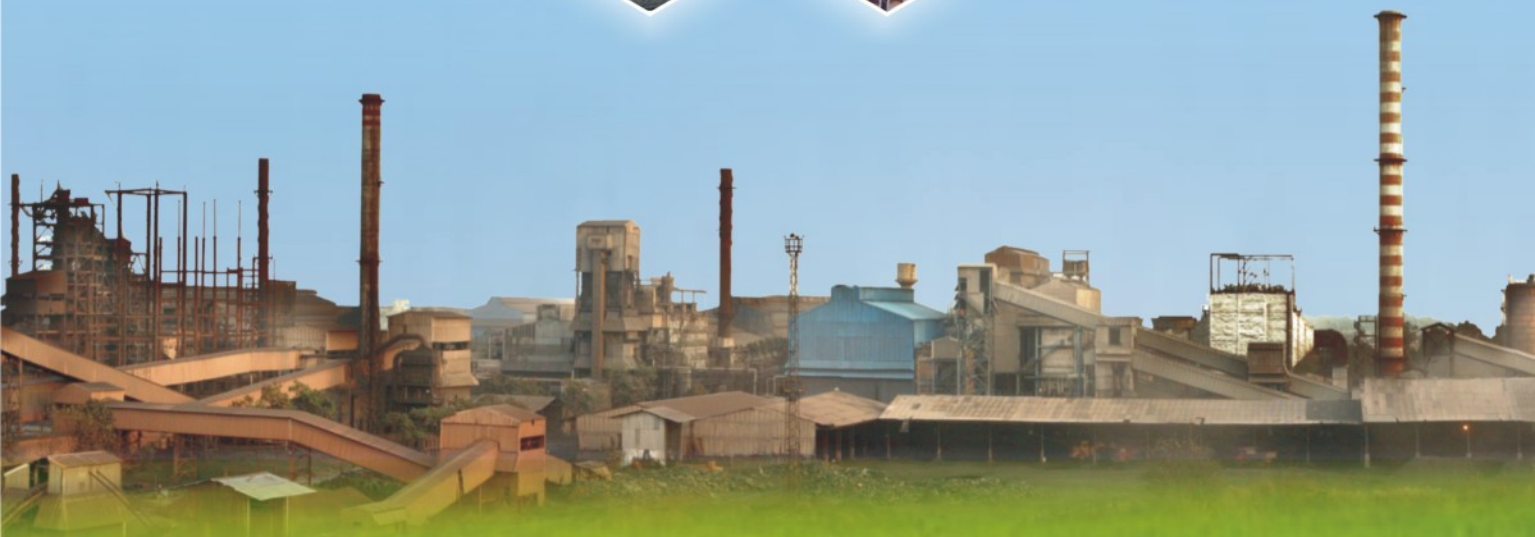


ANNUAL REPORT  
2011-12



**PRAKASH INDUSTRIES LIMITED**

# **PRAKASH INDUSTRIES LIMITED**

## **BOARD OF DIRECTORS**

Shri V. P. Agarwal	Chairman
Shri Vikram Agarwal	Managing Director
Dr. S. L. Keswani	
Shri K. C. Mehra	
Dr. Ram K. Vepa	
Shri Manish Bahl	
Shri Piyoosh Goyal	
Shri M.L. Pareek	Whole - time Director
Shri Vipul Agarwal	Whole - time Director
Shri P.L. Gupta	Whole - time Director

## **COMPANY SECRETARY**

Shri Manoj Aggarwal

## **STATUTORY AUDITORS**

Chaturvedi & Partners  
Chartered Accountants

## **BANKERS**

Corporation Bank  
Kotak Mahindra Bank

# **PRAKASH INDUSTRIES LIMITED**

## **REGISTERED OFFICE**

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

## **CORPORATE OFFICE**

Srivan  
Bijwasan,  
New Delhi-110 061

## **WORKS**

Champa (Chhattisgarh)  
Chotia (Chhattisgarh)  
Raipur (Chhattisgarh)  
Kashipur (Uttarakhand)  
Koirā, Distt. Koenjhar (Odisha)  
Muppandal (Tamil Nadu)

## **WEBSITE**

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

**NOTICE**

NOTICE is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of Prakash Industries Limited will be held on Saturday, the 29<sup>th</sup> September, 2012 at 12.30 p.m. at the registered office of the Company at 15 Km. Stone, Delhi Road, Hissar- 125044 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, 2012 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Vikram Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. S.L. Keswani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri K.C. Mehra, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration. The term of appointment of M/s Chaturvedi & Partners, Chartered Accountants (Registration No.307068E) expire at the conclusion of this general meeting and being eligible offer themselves for re-appointment to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

**SPECIAL BUSINESS**

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

"RESOLVED THAT Shri P. L. Gupta, who has been appointed as an Additional Director of the Company by the Board of Directors and holds that office under the provisions of Section 260 of the Companies Act, 1956, upto the date of the ensuing general meeting, and in respect of whom the Company has received a notice proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT Shri M. L. Pareek, who has been appointed as an Additional Director of the Company by the Board of Directors and holds that office under the provisions of Section 260 of the Companies Act, 1956, upto the date of the ensuing general meeting, and in respect of whom the Company has received a notice proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 267, 269, 309, 310, 311, 317 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modifications or re-enactment thereof, for the time being in force), and conditions stipulated in schedule XIII of the said Act, Shri Vikram Agarwal be and is hereby appointed as Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March, 2015 subject to the approval of shareholders and other appropriate authorities, if required, on the following terms and conditions:-

1. Salary: ₹ 1,50,000/- p.m.  
(in the grade of ₹ 1,50,000 - 25,000 - 2,00,000)
2. Perquisites: In addition to the aforesaid salary, the following perquisites would be allowed.

**Category 'A'**

- i) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year.
- ii) Leave Travel Concession : For self and family to and fro to any place in India once in a year subject to a ceiling of one month's salary.

**Category 'B'**

The following perquisites will not be included in the computation of the ceiling on remuneration as per Para 2 of Part II of Section II of Schedule XIII of the Companies Act, 1956.

- i) Company's contribution towards Provident Fund - As per rules of the Company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- ii) Gratuity - In accordance with the provisions of the 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 be encashed as per rules of the Company.

**Category 'C'**

- i) Free use of Company's Car with driver for Company's business.
- ii) Free mobile and telephone facility. Personal long distance calls shall be billed by the Company.

Provided that the total of all remunerations as mentioned above shall not exceed 5% of the net profit of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to accept any modification(s) in the terms and conditions of the said appointment and remuneration in such manner as may be suggested by any authority/ shareholders and acceptable to Shri Vikram Agarwal.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 267, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) the conditions stipulated in schedule XIII of the said Act, Shri P.L. Gupta be and is hereby appointed as a Whole-time Director of the Company w.e.f. 7<sup>th</sup> November, 2011 to 31<sup>st</sup> March, 2015 subject to the approval of shareholders and other appropriate authorities, if required, on the following terms and conditions:-

# PRAKASH INDUSTRIES LIMITED

1. Salary: ₹ 97,000/- p.m. for the period from 7th November, 2011 to 31st March, 2012  
₹ 1,50,000/- (in the grade of ₹ 1,50,000 - 25,000 - 2,00,000)  
w.e.f. 1st April, 2012 to 31st March, 2015
2. Ex-gratia in lieu of Bonus : 20% of salary as per rules of the Company.
3. Perquisites : In addition to the aforesaid salary, the following perquisites would be allowed:

## Category 'A'

- i) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year.
- ii) Leave Travel Concession : For self and family to and fro to any place in India once in a year subject to a ceiling of one month's salary.

## Category 'B'

The following perquisites will not be included in the computation of the ceiling on remuneration as per Para 2 of Part II of Section II of Schedule XIII of the Companies Act, 1956.

- i) Company's contribution towards Provident Fund - As per rules of the Company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- 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 but not exceeding one month's leave for every completed year of service.

## Category 'C'

- i) Free use of Company's Car with driver for Company's business.
- ii) Free mobile and telephone facility. Personal long distance calls shall be billed by the Company.

Provided that the total of all remunerations as mentioned above shall not exceed 5% of the net profit of the Company.

RESOLVED FURTHER THAT the services of the Whole-time Director would be subject to termination by one month's notice from either side or payment of salary in lieu thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to accept any modification(s) in the terms and conditions of the said appointment and remuneration in such manner as may be suggested by any authority / shareholders and acceptable to Shri P.L. Gupta.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to take all necessary steps to implement this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 267, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) the conditions stipulated in schedule XIII of the said Act, Shri M. L. Pareek be and is hereby appointed as a Whole-time Director of the Company

w.e.f. 4th August, 2012 to 31st March, 2015 subject to the approval of shareholders and other appropriate authorities, if required, on the following terms and conditions:-

1. Salary: ₹ 2,00,000/- p.m.  
(in the grade of ₹ 2,00,000 - 40,000 - 2,80,000)
2. Ex-gratia in lieu of Bonus : 20% of salary as per rules of the Company.
3. Perquisites : In addition to the aforesaid salary, the following perquisites would be allowed:

## Category 'A'

- i) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year.
- ii) Leave Travel Concession : For self and family to and fro to any place in India once in a year subject to a ceiling of one month's salary.

## Category 'B'

The following perquisites will not be included in the computation of the ceiling on remuneration as per Para 2 of Part II of Section II of Schedule XIII of the Companies Act, 1956.

- i) Company's contribution towards Provident Fund - As per rules of the Company but not exceeding 12% of the salary as laid down under the Income Tax Rules, 1962.
- 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 but not exceeding one month's leave for every completed year of service.

## Category 'C'

- i) Free use of Company's Car with driver for Company's business.
- ii) Free mobile and telephone facility. Personal long distance calls shall be billed by the Company.

Provided that the total of all remunerations as mentioned above shall not exceed 5% of the net profit of the Company.

RESOLVED FURTHER THAT the services of the Whole-time Director would be subject to termination by one month's notice from either side or payment of salary in lieu thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to accept any modification(s) in the terms and conditions of the said appointment and remuneration in such manner as may be suggested by any authority / shareholders and acceptable to Shri M. L. Pareek.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorized to take all necessary steps to implement this resolution."

By order of the Board  
**For Prakash Industries Limited**

Registered Office:  
15 Km. Stone,  
Delhi Road,  
Hissar – 125044 (Haryana)  
Dated : 4th August, 2012

**Manoj Aggarwal**  
Company Secretary

## NOTES:

1. 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.
2. Proxies in order to be effective must be received by the Company at its Registered/Corporate Office not less than 48 hours before commencement of the meeting.
3. Members are requested to bring their attendance slip to the meeting along with their copy of Annual Report.
4. Register of Members and Share Transfer Books will remain closed from 25th September, 2012 to 29th September, 2012 (both days inclusive).
5. Members are requested to:
  - i) Quote their Folio/ DP and Client ID number(s) in all correspondence with the Company.
  - ii) Notify/send immediately to the Company's Registered/Corporate Office:
    - a) Change, if any, in their registered address alongwith Pin Code No.
    - b) For consolidation of their shareholding, if registered in identical names(s) or joint names in identical order in more than one folio, by sending a request letter alongwith relative share certificates.
6. Members who have not received/encashed their dividend warrants for the financial year 2010-11 may please write to the Company for claiming the said dividend.
7. The shares of the Company w.e.f. 26th February, 2001 are being traded in DEMAT form only. Those shareholders of the Company who may like to have their shares in demat form may send their shares through their respective DPs for demat.
8. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under section 109A of the Companies Act, 1956 are requested to send the prescribed Form 2B to the Corporate / Registered Office of the Company. The form 2B for the purpose would be available at the corporate office of the Company on demand or may be downloaded from the Company's website [www.prakash.com](http://www.prakash.com).
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members who are holding shares in demat form are therefore, requested to submit the self attested copy of the PAN card to their Depository Participants with whom they are maintaining their demat account(s). Members who are holding shares in physical form can submit self attested copy of PAN card to the Company.
10. **Payment of dividend :**

To enable the Company to make payment of dividend through National Electronic Clearing Service (NECS)/ Electronic Clearance Service (ECS) and to provide protection against fraudulent encashment of Dividend Warrants, shareholders holding shares in physical form are requested to submit particulars of their bank account viz. name and address of the branch of the bank, 9 digit MICR code of branch, type of account and account number to the Company's office at SRIVAN, Najafgarh - Bijwasan Road, Bijwasan, New Delhi- 110061. NECS / ECS form for providing bank details is available on the Company's website [www.prakash.com](http://www.prakash.com)

Shareholders holding shares in electronic form are requested to submit particulars of their bank account to their respective depositories for payment of dividend. The Company cannot act on any request received directly from any shareholder holding shares in electronic form for bank mandates or any change of bank particulars.

## 11. Information as required under Clause 49 IV(G) of the Listing Agreement with respect to the Directors who are retiring by rotation and being eligible seeking re-appointment is as under:

### a) Information regarding Shri Vikram Agarwal proposed for re-appointment as Director:

Shri Vikram Agarwal retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. He has been allotted Director Identification No.00054125.

Shri Vikram Agarwal joined the Board of the Company in the year 2005. He is the Managing Director of the Company and is also a member of the Audit Committee of the Company.

Shri Vikram Agarwal is a young industrialist and has gained considerable experience in the management and working of the Company. His re-appointment would be beneficial to the Company.

#### Directorship(s) held in other Companies :

Fatehpur Coal Mining Company Pvt. Ltd.

### b) Information regarding Dr. S.L. Keswani proposed for re-appointment as Director:

Dr. S.L. Keswani retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. Dr. Keswani has been allotted Director Identification No.00190790.

Dr. S.L. Keswani joined the Board of the Company in the year 1980. He is Chairman of Audit, Remuneration and Shareholders' / Investors' Grievances Committees of the Company.

Dr. S.L. Keswani is an experienced technocrat and has assisted in setting up a number of projects as a Consultant.

Because of his vast experience, his re-appointment would be beneficial to the Company.

#### Directorship(s) held in other Companies :

Company's Name	Committee Chairmanship	Committee Membership
Chemproject Consulting Pvt. Ltd.	-	-
Kashipur Sugar Mills Ltd.	-	Member
Khatema Fibres Ltd.	-	Member
Chemcon Fabricators (Delhi) Pvt. Ltd.	-	-
AEN Associates Pvt. Ltd.	-	-
Fuelco Coal India Ltd.	-	-
Fuelco Ispat (India) Ltd.	-	-
Fuelco Washeries (India) Ltd.	-	-
Fuelco Power and Mining Ltd.	-	-
Perfectpac Ltd.	-	-

As on 31st March, 2012, Dr. Keswani is holding 12,000 equity shares of Prakash Industries Ltd.

# PRAKASH INDUSTRIES LIMITED

## c) Information regarding Shri K.C. Mehra proposed for re-appointment as Director:

Shri K.C. Mehra retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. Shri Mehra has been allotted Director Identification No.00128733.

Shri K.C. Mehra joined the Board of the Company in the year 1985. He is a member of Audit and Remuneration Committees of the Company.

Shri K.C. Mehra is a retired banker and has served at senior positions in various banks during his tenure of services.

Because of his vast experience his re-appointment would be beneficial to the Company.

### Directorship(s) held in other Companies

Company's Name	Committee Chairmanship	Committee Membership
Seasons Textiles Ltd.	Chairman	-
Seasons Furnishing Ltd.	Chairman	-

As on 31st March, 2012, Shri K.C. Mehra is not holding any equity shares of Prakash Industries Ltd.

## EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item No.7

Shri P.L. Gupta is an experienced professional and was appointed by the Board of Directors of the Company as an additional Director with effect from 7th November, 2011. As per the provisions of Section 260 of the Companies Act, 1956, an additional Director holds office upto the date of the next Annual General Meeting of the Company. The terms of the above named Director will, therefore, expire at this Annual General Meeting. Because of his experience, his appointment as a Director would be beneficial to the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member notifying his intention to propose the name of Shri P.L. Gupta for his appointment as a Director of the Company liable to retire by rotation.

None of the Directors except Shri P.L. Gupta is interested in the resolution.

### Item No.8

Shri M.L. Pareek is an experienced professional and was appointed by the Board of Directors of the Company as an additional Director with effect from 4th August, 2012. As per the provisions of Section 260 of the Companies Act, 1956, an additional Director holds office upto the date of the next Annual General Meeting of the Company. The terms of the above named Director will, therefore, expire at this Annual General Meeting. Because of his experience, his appointment as a Director would be beneficial to the Company.

The Company has received a notice under Section 257 of the Companies Act, 1956 from a member notifying his intention to propose the name of Shri M.L. Pareek for his appointment as a Director of the Company liable to retire by rotation.

None of the Directors except Shri M.L. Pareek is interested in the resolution.

### Item No.9

Shri Vikram Agarwal is an experienced Industrialist hailing from a reputed business house. He has joined the Board of the Company w.e.f. 28th May, 2005 and became Joint Managing Director w.e.f. 1st February, 2009. He is thus conversant with all the facets of the working of the Company. His terms of appointment is expiring on 31st March 2012.

Considering the increase in the business activities of the Company which resulted in increase in work and responsibility, the Board of Directors in their meeting held on 29th May 2012 considered it necessary that Sh. Vikram Agarwal be redesignated as Managing Director of the Company and thus deemed it fit to approve the appointment of Shri Vikram Agarwal as Managing Director of the Company for the period from 1st April, 2012 to 31st March, 2015 on the terms and conditions and remuneration as mentioned in the resolution as set out at item No.9 of the Notice subject to the approval of shareholders.

The matter was discussed and recommended by the Managerial Remuneration Committee also.

A copy of the resolution passed by the Board of Directors relating to the terms and conditions of appointment and payment of remuneration and other relevant documents are open for inspection for the members at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting and also at the meeting.

The above terms and conditions as set out in the said Resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Shri Vikram Agarwal and Shri V.P. Agarwal father of Shri Vikram Agarwal are interested in the resolution.

Your Directors recommend the resolution for your approval.

### Item No 10

Shri P.L. Gupta is a Chartered Accountant and has experience of 35 years. He has been working in the Company in various capacities and was holding the post of President. He is thus conversant with all the facets of the working of the Company.

Having regard to the professional experience and knowledge of Shri P. L. Gupta, the Board of Directors appointed Shri P.L. Gupta as a Whole-time Director of the Company for the period from 7th November, 2011 to 31st March, 2015 on the terms and conditions and remuneration as mentioned in the Resolution as set out at item No.10 of the Notice subject to the approval of shareholders.

The matter was discussed and recommended by the Managerial Remuneration Committee also.

Shri P.L. Gupta is holding directorship in Prakash Thermal Power Ltd. and Radhikapur (West) Coal Mining Pvt. Ltd.

A copy of the resolution passed by the Board of Directors relating to the terms and conditions of appointment and payment of remuneration and other relevant documents are open for inspection for the members at the Registered Office of the Company between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting and also at the meeting.

The above terms and conditions as set out in the said Resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

## **PRAKASH INDUSTRIES LIMITED**

None of the Directors except Shri P.L. Gupta is interested in the resolution.

Your Directors recommend the resolution for your approval.

### **Item No 11**

Shri M.L. Pareek has wide experience in the steel and power sector of over 40 years and has been associated in installation and operating a number of plants.

Having regard to the wide knowledge and experience of Shri M.L. Pareek, the Board of Directors appointed Shri M.L. Pareek as a Whole-time Director of the Company for the period from 4th August, 2012 to 31st March, 2015 on the terms and conditions and remuneration as mentioned in the Resolution as set out at item No.11 of the Notice subject to the approval of shareholders.

The matter was discussed and recommended by the Managerial Remuneration Committee also.

Shri M.L. Pareek is holding directorship in ECO Vision Infratech Pvt. Ltd.

A copy of the resolution passed by the Board of Directors relating to the terms and conditions of appointment and payment of remuneration and other relevant documents are open for inspection for the members at the Registered Office of the Company

between 11.00 A.M. to 1.00 P.M. on any working day prior to the date of the meeting and also at the meeting.

The above terms and conditions as set out in the said Resolution may be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the Directors except Shri M.L. Pareek is interested in the resolution.

Your Directors recommend the resolution for your approval.

By order of the Board  
**For Prakash Industries Limited**

Registered Office:

15 Km. Stone,  
Delhi Road,  
Hissar – 125044 (Haryana)  
Dated : 4th August, 2012

**Manoj Aggarwal**  
Company Secretary



# PRAKASH INDUSTRIES LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 31<sup>st</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2012.

## FINANCIAL RESULTS

	(₹ in Crores)	
	For the year ended 31 <sup>st</sup> March, 2012	For the year ended 31 <sup>st</sup> March, 2011
Net Sales & Other Income	<b>2,109.39</b>	1,672.83
EBIDTA	<b>368.14</b>	349.25
Depreciation	<b>75.56</b>	67.26
Financial Expenses	<b>13.86</b>	5.69
Expenses Amortised	<b>2.69</b>	2.69
Profit before tax	<b>276.03</b>	273.61
Provision for Taxes	<b>7.87</b>	6.53
Profit after tax	<b>268.16</b>	267.08
Balance brought forward	<b>14.61</b>	13.16
	<b>282.77</b>	280.24
Transfer to General Reserve	<b>250.00</b>	250.00
Proposed Dividend	<b>13.45</b>	13.45
Tax on Dividend	<b>2.18</b>	2.18
Carried over to next year	<b>17.14</b>	14.61

## PERFORMANCE

During the year under review, the Company has achieved net sales revenue of ₹ 2,109 crores as against ₹ 1,673 crores in the previous year. After providing for interest, depreciation and tax, the net profit of the Company stands at ₹ 268 crores during the year under review.

## DIVIDEND

The Board has recommended dividend of 10% i.e. ₹ 1 per equity share on 13,44,88,514 equity shares of ₹ 10 each of the Company for the year ended 31<sup>st</sup> March, 2012, subject to the approval of the Members at the ensuing Annual General Meeting.

## OPERATIONAL REVIEW

Your Directors are pleased to inform you that the performance in all segments of the integrated steel plant of the Company has been quite satisfactory. During the year the Company has successfully commissioned a Sponge Iron kiln which has resulted in further integration of capacities and substantial cost reduction. Further the Company has made additions in its power generation capacities also. These capacity additions have helped the Company achieve highest ever production in the Sponge Iron and Power segments. In the steel segment the turnover has registered impressive growth resulting from stable demand and much higher realisation. Captive coal mining operations and production have been as per the targets. Rigid PVC Pipes has improved upon the performance and has achieved highest ever production during the year. The Company's products are strongly placed in the market due to their superior quality which gives them a distinct edge over competitors.

## FUTURE PROSPECTS

The Company has undertaken further expansion in its Sponge Iron capacity and is setting up an additional module. In addition, the Company has also taken up expansion in its Steel Billet and Ferro Alloys capacity to reach the next level of integration and to captively utilise the surplus power generation arising out of the new capacity set up in this year.

The Company is in the midst of a major expansion the Power Generation capacity and is implementing a total capacity of 625 MW in a phased manner. The first phase of 100 MW has been commissioned towards the end of the last fiscal year and the balance capacity shall be taken in a phased manner in due course of time.

The Company is planning to further improve upon the capacity utilization in the TMT division of the Company in the current financial year. The iron ore mines allotted to the Company are under advanced stages of clearances with the Government departments. With the mines becoming operational, the Company shall be fully self reliant in terms of raw material requirement. All these steps are expected to give further boost to the profitability of the Company in the coming year.

## ENVIRONMENT AND SOCIAL RESPONSIBILITY

Company firmly believes that it should behave as a good corporate citizen, by recognizing its responsibility towards the society and the environment. It respects the expectations of the society and attempts to provide maximum contribution to the society while making profit. It recognises the importance of minimising the impact its business has on the environment and works hard to implement policies and procedures which have both immediate and long term positive effects on our environment.

As a responsible corporate citizen, the Company has taken effective measures in the areas of waste management, effective resource utilisation, pollution control and also initiated several waste reduction mechanisms. The plant has also implemented de-dusting system, fume extraction system, fog systems, electrostatic precipitators and coal dust injection system in its integrated steel plant to minimize pollution. The Company has developed thick green belts inside and around the plant for maintaining the ecological balance and to provide green and clean environment to its employees.

As a responsibility towards the society, the company is continually involved in various social efforts and initiatives for upliftment of the people in the areas around the plant like organising health camps, free medical aids, maintaining temples and recreational facilities, providing aid to educational institutions and adopting villages.

## DIRECTORS

In accordance with the provisions of section 256 of the Companies Act, 1956, Shri Vikram Agarwal, Dr. S.L. Keswani and Shri K.C. Mehra are liable to retire by rotation at the ensuing Annual General Meeting. Being eligible for re-appointment, they offer themselves for re-appointment.

Shri P.L. Gupta and Shri M.L. Pareek were appointed as additional Directors designated as Whole-time Directors of the Company w.e.f. 7th November, 2011 and 4th August 2012 respectively by the Board of Directors and hold office upto the date of the ensuing Annual General Meeting. Notices in terms of Section 257 of the Companies Act, 1956 have been received from two members proposing their names to be Directors of the Company. Their appointment as Directors is to be approved by the members in the ensuing Annual General Meeting. Shri G.L. Mohta, Whole time Director, has resigned from the Board w.e.f. 25th July, 2012.

# PRAKASH INDUSTRIES LIMITED

Shri V.P. Agarwal, Chairman and Managing Director has been redesignated as Chairman of the Company and Shri Vikram Agarwal, Joint Managing Director has been redesignated as Managing Director w.e.f. 29th May 2012. The terms of appointment of Shri Vikram Agarwal is also expiring and he is being re-appointed.

Appropriate resolutions for the re-appointment / appointment of the aforesaid Directors which the Board recommends are being moved at the ensuing Annual General Meeting for your approval.

## FIXED DEPOSITS

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- i). That in the preparation of the annual accounts for the financial year ended 31st March, 2012 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 or loss of the Company for the year under review;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2012 on a 'going concern' basis.

## AUDITORS

M/s Chaturvedi and Partners, Auditors of the Company, retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be within the limit prescribed under Section 224 (1B) of the Companies Act, 1956. Your Directors recommend their re-appointment as Auditors of the Company.

## COST AUDITORS

M/s N.K. Jain and Associates were appointed as Cost Auditors for auditing the Cost Accounts of the Company for the financial year 2011-12.

The Cost Audit reports are required to be filed within 180 days from the end of financial year. The Cost Audit reports for the financial year ended 31st March, 2012 will be filed in due course.

## AUDITORS' OBSERVATIONS

As regards Auditors' observations in their Report, the relevant Notes on the Accounts are self-explanatory.

## PARTICULARS OF EMPLOYEES

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure 'A' to the Directors' report.

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

As required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, a statement showing the information relating to the Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo is enclosed as annexure 'B' to this report.

## CORPORATE GOVERNANCE

The significance of Corporate Governance has always been recognized by the Company. A separate report on Corporate Governance and Management Discussion and Analysis alongwith a certificate from the Practising Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement of Stock Exchanges is attached and forms part of this Report.

## ACKNOWLEDGEMENT

Your Directors take this opportunity to offer their sincere thanks to shareholders, various departments of Central and State Governments, Financial Institutions, Banks, Customers and Suppliers for their continued support and look forward to having the same support in all our future endeavours.

Your Directors place on record their sincere appreciation of the dedicated and significant contribution made by officers, staff and workers of the Company at all levels and look forward to their continued support.

By Order of the Board

Place : New Delhi  
Dated : 4<sup>th</sup> August, 2012

V. P. Agarwal  
Chairman

# PRAKASH INDUSTRIES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure & Developments

The Indian Steel Industry has huge growth potential in the coming years. Rapid rise in production has resulted in India becoming the 4th largest producer of crude steel and the largest producer of sponge iron or DRI in the world and is expected to rise to the position of 2nd largest crude steel producer by 2016. As per the report of the Working Group on Steel for the 12th Plan, there is substantial scope for raising the per capita steel consumption in the country significantly in the light of estimated huge infrastructure investment, increase in urban population, emergence of the rural market for steel buoyed by projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana, Rajiv Gandhi Awaas Yojana among others. Based on the assessment of the current ongoing projects, it is estimated that the crude steel capacity in the country is likely to be 140 mt by 2016-17 and based on the status of MOUs signed by the private producers with the various State Governments, it is expected that India's steel capacity would exceed 200 mt by 2020. On the whole, the outlook for the domestic operating environment appears to be positive.

### Opportunities and Threats

Steel consumption in India will continue its strong growth trends in the coming years. Compared to the global average per capita consumption of 150 kgs, India's per capita consumption is as low as 40 kgs, which reflects enormous scope of growth potential for the steel industry. It is estimated that the growth rate would accelerate significantly in 2013 on the back of urbanisation, surging infrastructure investment and expansion of industrial production in the country and the steel consumption is expected to double by 2020. However, the major hurdles which the Indian steel industry still faces are the shortage of basic inputs like coal, iron ore and power, which translate into high input costs.

In order to insulate itself against the price vagaries of the basic inputs, the only option left before the steel players is to achieve next level of integration in their operations. In this direction, your company has significantly improved upon its self reliant quotient by procuring captive coal mines and setting up captive power capacities. The only challenge which the Company faces today is the shortage of iron ore, which impediments its growth rate as iron ore costs constitute significant portion of the total cost. However, this hindrance is expected to be short lived as the Company has been allotted captive iron ore mines in Chhattisgarh and Orissa, which are under approval stage with the government departments. Company is making all efforts to expedite the clearances and commence the mining operations.

### Segment Wise / Product Wise Performance / Outlook

The Company is primarily engaged in steel, power and mining operations. The performance of the integrated steel and power operations have been satisfactory during the year. The Company augmented its Sponge Iron capacity by setting up an additional kiln during the year, which shall contribute to significant cost savings in the steel operations in the coming times. The performance of the power division was also satisfactory. Out of the total 625 MW power capacity expansion plan, the Company also successfully commissioned first 100 MW power plant during the last financial year and the balance capacities shall be implemented gradually in a modular fashion. The performance of the Wire Rod Division of the Company continued to be satisfactory. The operations of the TMT Bar Mill were also resumed during the later half of the year on revival of demand. Captive coal mining operations continued at optimal level throughout the year. Company is also into manufacture of Rigid PVC Pipes which has further improved upon the performance and achieved highest ever production levels.

### Risks and Concerns

All businesses are marked by risks; however, the ability to timely identifying and effectively managing risks forms an integral part of strategic corporate management. The Company falls in the steel industry which is highly cyclical in nature; however, with its foray into the power sector it has been reasonably able to counteract the impact of the cyclic nature of the steel industry. In view of the surmounting power deficit scenario in the country, Power sector has high potential for growth opportunities in the coming times.

The raw material availability continues to be an area of deep concern for the steel industry; however, with availability of captive coal and power, the Company has been able to smoothly sail through the difficult times which witnessed acute coal and power shortages. Iron ore, which has been witnessing a highly volatile trend coupled with short supplies for past many years, continues to be a sensitive issue for the steel players. With the Company's iron ore mines becoming operational in the coming times, it shall become fully self reliant in terms of raw materials.

### Internal Control System and their Adequacy

The Internal Control System aims to assure the adequacy of the Company's processes with reference to their effectiveness and efficiency, soundness and fairness of the book-keeping entries and of the financial reporting system and preserving the corporate assets and assuring the compliance of operations to laws, rules and regulations, both internal and external, aiming to grant a sound and efficient management.

Company has well defined and adequate internal control systems to ensure that all the assets are safeguarded as well as are productive. These controls are supplemented by periodic internal audits by Independent Internal Auditors which are quarterly reviewed by the Audit Committee which comprises of members of Board of Directors. The Audit Committee reviews the adequacy and efficiency of internal controls and recommends any improvements or corrections. Performance Budgets are prepared, actual performance is appraised against the same and shortfalls are identified. The internal control systems has been reported to be commensurate with the size and nature of the business by the Statutory Auditors in their report.

### Human Resources / Industrial Relations

The Company believes that human resources are at the heart of any organisation, so the ability to manage and develop these resources, ensure their welfare and understand changing employment legislation is essential for business survival. With this approach, the management has created a team of able and experienced professionals for advancement of personal & professional skills, knowledge and abilities of employees by regularly conducting employees training programmes, workshops and monitoring sessions which phenomenally contributes to improvement in the quality of the employees. Company's Human Resource Department (HRD) ensures that all applicable regulatory and statutory laws are being complied with as applicable to the factories/operations. HRD constantly works to ensure good working conditions to the staff at the work place and keeps a strict vigil on safety measures to ensure the safety of its work force. HRD makes all its efforts to set up and maintain required civic amenities to take care of the needs of the employees. The Company believes that cordial employee management relation is the key to the success of any organization. With this focused approach, the Company has been able to maintain cordial employees management relations throughout the year.

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

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meet its stakeholders' aspirations and societal expectations. At the heart of Company's Corporate Governance policy is the ideology of openness in the effective working of the management and Board. It is believed that the imperative for good Corporate Governance lies not merely in drafting a code of Corporate Governance but in practising it also. The Company is committed to attain the highest standard of Corporate Governance. It recognises that the Board is accountable to all the stakeholders for good governance. The philosophy of the Company in relation to Corporate Governance is to ensure appropriate disclosure and enhance shareholders value in compliance with the provisions of law and regulations. Development of Corporate Governance guidelines is a continuous process which evolves over a period of time and undergoes changes to suit the changing times and needs of the business.

Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, the details of which are given below:

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

The Company Board is broad based consisting of ten Directors headed by an Executive Chairman. The Company has a Managing Director and three Whole-time Directors besides five Non-Executive Independent Directors. The size and composition of the Board therefore conforms with the requirements of Corporate Governance Report under the Listing Agreement with the Stock Exchanges. The Board comprises of eminent persons with considerable professional experience in varied fields.

**b) Board Functioning and Procedures**

The Board plays a crucial role in ensuring good governance. The decisions are taken on the basis of consensus arrived at after detailed discussions. The Board members are free to bring up any matter for discussion at the Board Meetings.

The Board continued its pursuit by adopting appropriate corporate strategies and prudent business plans. Adequate monitoring system was followed to safeguard against major risk and to ensure implementation of policies and procedures to satisfy its legal, social and ethical responsibilities.

**ii) Attendance of each Director at the Board meetings & last Annual General Meeting during the year 2011-12 and number of other Directorships and committee memberships/ chairmanships held in other Companies:**

S.No.	Name of Directors and their DIN No.	Category	No. of Board Meetings	Last AGM Attended	No. of Directorships held in other Companies Attended		No. of Committee positions held in others Companies	
					Chairman	Director	Chairman	Member
1.	Sh.V.P.Agarwal Chairman DIN No.00048907	Executive & Promoter	4	No	-	-	-	-
2.	Sh. Vikram Agarwal Managing Director DIN No.00054125	Executive & Promoter	4	Yes	-	1	-	-
3.	Dr. S.L. Keswani DIN No.00190790	Non-executive & Independent	4	Yes	-	10	-	2
4.	Dr. Ram K. Vepa DIN No.00054160	Non-executive & Independent	4	No	-	-	-	-
5.	Sh.K.C. Mehra DIN No.00128733	Non-executive & Independent	4	No	-	2	2	-
6.	Sh.Manish Bahl DIN No.00054196	Non-executive & Independent	4	No	-	-	-	-
7.	Sh.Piyoosh Goyal DIN No.00113772	Non-executive & Independent	-	No	-	6	-	-
8.	Sh.G.L.Mohta * DIN No.00054171	Executive	4	Yes	-	-	-	-
9.	Sh. Vipul Agarwal DIN No.00010147	Executive	4	Yes	-	2	-	-
10.	Sh. P.L. Gupta ** DIN No.00048868	Executive	2	No	-	2	-	-
11.	Sh. M.L. Pareek *** DIN No.01795975	Executive	-	-	-	1	-	-

\* Since resigned w.e.f 25<sup>th</sup> July 2012  
 \*\* Appointed as Whole-time Director w.e.f. 7<sup>th</sup> November, 2011  
 \*\*\* Appointed as Whole-time Director w.e.f. 4<sup>th</sup> August, 2012

# PRAKASH INDUSTRIES LIMITED

## iii) Pecuniary Relationship

Independent Directors viz. Dr. S. L. Keswani, Dr. Ram K. Vepa, Shri K. C. Mehra, Shri Manish Bahl and Shri Piyoosh Goyal 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.

## iv) No. of Board Meetings

During the year 2011-2012 four Board Meetings were held on 30th May, 2011, 11th August, 2011, 7th November, 2011 and 3rd February, 2012. The maximum gap between any two meetings was not more than four months.

Details of the Board meetings are as under:

S.No.	Date of Board Meeting	Board Strength	No. of Directors present
1	30.05.2011	9	8
2	11.08.2011	9	8
3	07.11.2011	10	9
4	03.02.2012	10	9

## 3. COMMITTEES OF THE BOARD OF DIRECTORS:

### a) AUDIT COMMITTEE

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

The terms of reference of the Committee cover the matters specified for the Audit Committee under clause 49 of the Listing Agreement as well as those mentioned in section 292A of the Companies Act, 1956.

The Committee comprises of five members and majority of them are Independent Directors. Dr. S.L. Keswani (independent / non-executive Director) is the Chairman of the Audit Committee, Dr. Ram K. Vepa, Shri K. C. Mehra, Shri Manish Bahl (all independent Directors) and Shri Vikram Agarwal (Managing Director) are members of the Audit Committee.

#### ii) No. of Audit Committee Meetings

The Audit Committee met four times during the year 2011-12 on 30th May, 2011, 11th August, 2011, 7th November, 2011 and 3rd February, 2012 and attendance was as under:-

S. No.	Name of Director	Status	Meetings Attended
1.	Dr. S.L. Keswani	Chairman	4
2.	Dr. Ram K. Vepa	Member	4
3.	Sh. K.C. Mehra	Member	4
4.	Sh. Manish Bahl	Member	4
5.	Sh. Vikram Agarwal	Member	4

Audit Committee meetings are also attended by representative of Internal Auditor and Whole-time Directors of the Company who are

permanent invitees for the meeting. Company Secretary acts as Secretary of the Audit Committee.

### b) REMUNERATION COMMITTEE

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

The Board of Directors had constituted a Remuneration Committee in the year 2002.

The terms of reference of Remuneration Committee cover the matters specified for the said Committee under clause 49 of the Listing Agreement.

The Committee comprises of Dr. S.L. Keswani (independent / non-executive Director) as the Chairman of the Managerial Remuneration Committee and Shri K. C. Mehra and Shri Manish Bahl (both independent / non-executive Directors) are members of the Managerial Remuneration Committee of the Board of Directors.

During the year two meetings of the Committee were held on 28th May, 2011 and 3rd February, 2012. In the meeting on 28th May, 2011 the revised remuneration of Shri V.P. Agarwal, Chairman was considered and recommended to the Board. In the meeting on 3rd February, 2012 the remuneration of Shri Vikram Agarwal, Managing Director and Shri P.L. Gupta, Whole-time Director were considered and recommended to the Board.

#### ii) Details of remuneration / sitting fee paid to Directors for the period from 1st April, 2011 to 31st March, 2012:

(₹ in Lacs)				
S.No.	Name of Director	Salary	Perquisites	Sitting Fee
1.	Sh.V.P. Agarwal	180.00	21.60	N.A.
2.	Sh.Vikram Agarwal	10.80	1.30	N.A.
3.	Dr.S.L.Keswani	Nil	Nil	2.30
4.	Dr.Ram K.Vepa	Nil	Nil	1.95
5.	Sh.K.C.Mehra	Nil	Nil	1.65
6.	Sh.Manish Bahl	Nil	Nil	1.65
7.	Sh.Piyoosh Goyal	Nil	Nil	0.00
8.	Sh.G.L.Mohta	30.00	9.75	N.A.
9.	Sh.Vipul Agarwal	30.00	9.71	N.A.
10.	Sh.P.L. Gupta *	4.66	1.49	N.A.

\* Appointed w.e.f. 7th November, 2011

# PRAKASH INDUSTRIES LIMITED

## iii) 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	01.04.2011	Nil
2.	Shri G.L. Mohta *	3 years	01.04.2011	One month
3.	Shri Vipul Agarwal	3 years	01.04.2011	One month
4.	Shri P.L. Gupta **	3 years	07.11.2011	One month
5.	Shri Vikram Agarwal	3 years	01.04.2012	Nil
6.	Shri M.L. Pareek ***	3 years	04.08.2012	One month

\* (Since resigned w.e.f. 25th July, 2012)

\*\* (Period from 7th November, 2011 to 31st March, 2015)

\*\*\* (Period from 4th August, 2012 to 31st March, 2015)

## iv) Details of shareholding of non-executive Directors in the Company as on 31<sup>st</sup> March, 2012 :

S.No.	Name of Director	No. of shares held
1.	Dr. S.L. Keswani	12000
2.	Dr. Ram K. Vepa	3281
3.	Shri K.C. Mehra	Nil
4.	Shri Manish Bahl	1750
5.	Shri Piyooch Goyal	Nil

## c) SHAREHOLDERS COMMITTEE :

### i) SHARE-CUM-DEBENTURE TRANSFER COMMITTEE

The Board has constituted a Share-cum-Debtenture Transfer Committee which meets twice a month to approve the transfer and transmission of shares/debentures, issue of duplicate share certificates, consolidation and sub-division of share, etc.

The Committee consists of Shri V.P. Agarwal, Chairman of the Company as Chairman and Shri Vipul Agarwal, Whole-time Director as member of the Committee.

The Company complies with the requirements of the listing agreements with stock exchanges with respect to transfer of shares. The requisite certificates are sent to the 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 Manoj Aggarwal, Company Secretary of the Company as Compliance Officer to monitor the transfer process and liaison with the regulatory authorities.

### ii) SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Board has also constituted a shareholders/investors grievances Committee. The Committee has the mandate to review and redress the grievances of shareholders/investors. The Committee met four times during the year 2011-12 on 23rd April, 2011, 23rd July, 2011, 22nd October, 2011 and 14th January, 2012

and attendance of members at the meeting was as follows:

S.No.	Name of Director	Status	Meetings Attended
1.	Dr. S.L.Keswani (Non-executive and independent)	Chairman	4
2.	Dr. Ram K.Vepa (Non-executive and independent)	Member	4
3.	Shri V.P. Agarwal (Executive)	Member	4

Compliance Officer : Shri Manoj Aggarwal  
Company Secretary

No. of shareholders/ investors complaints received upto 31<sup>st</sup> March, 2012 : 18

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

No. of pending complaints : Nil

In Compliance to Clause 47(f) of the Listing Agreement of Stock Exchanges, the Company has created for the help of investors an exclusive e-mail ID viz. [investorshelpline@prakash.com](mailto:investorshelpline@prakash.com).

## iii) ALLOTMENT COMMITTEE

The Board has also constituted an Allotment Committee for allotment of equity shares or any other instrument convertible into equity shares. The Committee comprises of Dr. S.L. Keswani (independent / non-executive Director) as the Chairman of the Allotment Committee and Shri K.C. Mehra, Dr. Ram K. Vepa and Shri Manish Bahl (all independent / non-executive Directors) as members of the Allotment Committee of the Board of Directors.

Since there was no allotment of equity shares or any other instrument convertible into equity shares so no meeting was held during the financial year 2011-12.

## 4. 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 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 is given below:

*"In terms of Clause 49-I(D) of the Listing Agreement 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 2011-12"*

Place : New Delhi  
Date : 4<sup>th</sup> August, 2012

Vikram Agarwal  
Managing Director

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## 5. GENERAL BODY MEETINGS

Last three Annual General Meetings of the Company were held at the registered office of the Company at 15 Km. Stone, Delhi Road, Hissar - 125044 (Haryana) as detailed below:

Year	Date & Time	Details of Special Resolution
2010-2011	29.09.2011 at 12.30 p.m.	<ul style="list-style-type: none"> <li>- Re-appointment of Chairman and Managing Director and two Whole-time Directors</li> <li>- Enhancement of the limit of creation of charge / mortgage / hypothecation and pledge etc.</li> </ul>
2009-2010	14.08.2010 at 12.30 p.m.	<ul style="list-style-type: none"> <li>- Amendments in Authorised Share Capital clause of the Memorandum and Articles of Association of the Company</li> </ul>
2008-2009	01.08.2009 at 12.30 p.m.	<ul style="list-style-type: none"> <li>- Issue of ADRs /GDRs, FCCBs and other equity linked instruments</li> <li>- Increasing the limit of shareholding of FII</li> <li>- Revising the remuneration of Chairman and Managing Director</li> </ul>

## 6. DISCLOSURES

- 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.
- During the last three years Company has duly complied with all the matters relating to capital market.
- 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.
- The Company has generally complied with all mandatory requirements of Clause 49 of the Listing Agreement to the extent these apply to the Company. The Company has also adopted non-mandatory requirements relating to Remuneration Committee and Whistle Blower Policy.

## 7. 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 Notice of AGM alongwith

the Annual Report is sent to the shareholders well in advance of the AGM. 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.

## 8. GENERAL SHAREHOLDERS' INFORMATION

### a) Annual General Meeting:

Date & Time	29th September, 2012 at 12.30 p.m.
Venue	15 Km. Stone, Delhi Road, Hissar-125044

### b) Financial Calendar for 2012-13:

- First quarter results upto 14th August, 2012
- Second quarter results upto 14th November, 2012
- Third quarter results upto 14th February, 2013
- Fourth quarter / Annual results upto 15th / 30th May, 2013

### c) Book Closure : 25th September, 2012 to 29th September, 2012 (both days inclusive)

### d) Payment of Dividend:

Payment of dividend will be made within 30 days from the date of its approval by members of the Company.

### e) Stock Exchanges where listed:

#### i) Equity Shares

S.No.	Name of the Stock Exchange	Stock Code
1.	BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001	506022
2.	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No.C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400051	PRAKASH

ISIN No. for equity shares : INE603A01013

#### ii) Foreign Currency Convertible Bonds (FCCB):

FCCB issued by the Company have been listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST")

ISIN No. for FCCB : XS0458122602 and XS0505342864

### f) Market Price Data :

Market price of Company's Equity Share of ₹10 each during the year from April, 2011 to March, 2012 at BSE Ltd. and National Stock Exchanges (NSE) are given below:

# PRAKASH INDUSTRIES LIMITED

(₹)

	BSE		NSE	
Month	Highest	Lowest	Highest	Lowest
April, 2011	97.70	81.10	97.75	81.60
May, 2011	87.40	61.00	86.40	53.00
June, 2011	82.80	50.00	77.20	58.55
July, 2011	75.00	65.00	75.40	66.00
August, 2011	67.60	51.00	67.70	47.10
September, 2011	62.75	48.10	62.60	48.55
October, 2011	51.50	42.25	51.95	42.20
November, 2011	47.75	35.05	46.95	34.90
December, 2011	37.50	25.60	37.90	25.90
January, 2012	49.20	28.60	49.50	28.15
February, 2012	65.00	48.80	64.90	48.75
March, 2012	58.75	41.75	58.85	41.70

## g) Distribution of Shareholding (as on 31st March, 2012)

No. of Equity Shares held	No. of Share Holders	% of Share Holders	No. of Shares	% of Share Holding
Upto 5000	50725	85.71	8428531	6.27
5001 - 10000	4251	7.18	3369512	2.50
10001 - 20000	1936	3.27	2941201	2.19
20001 - 30000	665	1.12	1694891	1.26
30001 - 40000	312	0.53	1123906	0.84
40001 - 50000	277	0.47	1310426	0.97
50001 - 100000	457	0.77	3334859	2.48
100001 – above	562	0.95	112285188	83.49
<b>Total</b>	<b>59185</b>	<b>100.00</b>	<b>134488514</b>	<b>100.00</b>

## h) Shareholding Pattern (as on 31st March, 2012)

Category	No. of Shares	% of Shares Holding
Promoters & Promoter Group	62522390	46.49
Mutual Fund / UTI	4348864	3.23
Financial Institutions / Banks	3785	0.00
Insurance Companies	739666	0.55
Foreign Institutional Investors	3411898	2.54
Bodies Corporate	34120268	25.37
NRI's/OBCs	550967	0.41
Public (Individuals)	28790676	21.41
<b>Total</b>	<b>134488514</b>	<b>100.00</b>

## i) Registrar and Transfer Agents

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 pertaining to shares in physical form are registered and returned within the stipulated time, if documents are clear in all respects.

## 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 31st March, 2012; 92.33% of Equity Shares of the Company were held in dematerialized form.

## l) Listing Fee :

The Company has paid the listing fees upto the year 2012-13 of BSE Ltd. and National Stock Exchange of India Ltd. where the shares of the Company are listed and traded.

## m) Outstanding Warrants Convertible in to equity shares

There are no outstanding Convertible Warrants.

## n) Outstanding Foreign Currency Convertible Bonds (FCCB)

Company had issued in two tranches viz. 500 and 600 Foreign Currency Convertible Bonds (FCCB) of US\$ 1,00,000 each on 12th October, 2009 and 29th April, 2010 respectively.

The position of outstanding FCCB as on 31st March 2012 is as under:

Issued on	Outstanding FCCB	Last date of conversion
12.10.2009	171	17.09.2014 *
29.04.2010	600	30.03.2015 **

\* If converted fully the equity capital is likely to increase by ₹ 4.69 crores

\*\* If converted fully the equity capital is likely to increase by ₹ 11.32 crores

## o) Plant Locations :

- Champa, Distt. Janjgir – Champa (Chhattisgarh)
- Chotia (Chhattisgarh)
- Raipur (Chhattisgarh)
- Kashipur (Uttarakhand)
- Koira, Distt. Koenjhar (Odisha)
- Muppandal (Tamilnadu)

## p) Address for Correspondence and for Share Transfer and related matters:

**Prakash Industries Ltd.**

SRIVAN,  
Bijwasan,  
New Delhi – 110061.

Ph. : (011) - 25305800 & 28062115

Fax. : (011) - 28062119

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

E-mail : [investorshelpline@prakash.com](mailto:investorshelpline@prakash.com)

## q) Whistle Blower Policy

The Company has placed locked boxes at appropriate places in the plant wherein complaints / suggestions can be dropped by any employee which are properly considered by the Management.



# **PRAKASH INDUSTRIES LIMITED**

## **Compliance Certificate from the Practising Company Secretary on Corporate Governance**

To  
The Members of  
Prakash Industries Limited

We have examined the compliance of conditions of corporate governance by Prakash Industries Limited, for the year ended 31st March, 2012 as stipulated in clause 49 of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the said clause of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained for the Shareholders/Investors Grievances Committee except in case which are constrained by disputes and legal impediments.

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 I.D. Sharma & Associates  
Company Secretaries**

Place : New Delhi  
Dated : 4<sup>th</sup> August, 2012

**I.D. Sharma  
Proprietor  
C.P. No.7369**

**ANNEXURES TO THE DIRECTORS' REPORT**
**ANNEXURE - 'A'**

**STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.**

Sr. No.	Name	Age (Years)	Qualifications	Experience (Years)	Designation/ Nature of Duties	Remuneration (₹)	Date of Commencement of Employment	Particulars of last Employment
<b>A. Employed throughout the financial year under review and were in receipt of remuneration for the year in aggregate not less than ₹ 60,00,000/- per annum :</b>								
1.	Sh.V.P.Agarwal	56	B.Com.	33	Chairman	2,01,60,000	01.01.1981	Surya Roshini Limited

**ANNEXURE - 'B'**

**PARTICULARS AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO FOR THE YEAR ENDED 31ST MARCH, 2012.**

**CONSERVATION OF ENERGY**

In pursuance of journey of Energy Excellence the Company has implemented the International Energy Management System - ISO-50001:2011 and became the **"FIRST STEEL INDUSTRY IN INDIA"** having this Prestigious Energy Management System Certification by M/s BSI, Delhi. While implementing the same the Company has aligned all its processes towards Energy Conservation and identified the list of opportunities for Energy Conservation and prepared an action plan for converting those opportunities into achievement through Energy Improvement Management Programmes.

The Company is also focusing on water conservation and has engaged the best Water Auditors - M/s CII, Hyderabad for carrying out a detailed water audit for identifying the potential for water conservation. The CII team has already conducted a preliminary assessment and identified substantial potential for water conservation.

In line with the Company's Energy Policy, the Company has carried out an Energy Audit by M/s CII and executed all feasible energy conservation proposals in all divisions recommended by CII team during detailed Energy Audit. To pursue Energy Conservation in a more focused manner the Company has formulated a Energy Cell and also inducted an experienced and competent "Energy Manager" for regularly carrying out the Energy Audit of all divisions for identifying and implementing the energy conservation proposals more effectively.

**INFORMATION AS PER PRESCRIBED FORM 'A' :**

	Billets Division		TMT Mills Division		Wire Rod Mill Division	
	2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
<b>(A) Power and Fuel Consumption</b>						
<b>1.Electricity Purchased*</b>						
Units in Lacs	66	729	93	46	452	531
Total Amount (₹/Lacs)	625	2,124	373	173	1,804	1,774
Rate/Unit (₹)	9.50	2.91	4.02	3.71	3.99	3.34
* excluding transfer of power from captive plant						
<b>2. Furnace Oil</b>						
Quantity (K.Ltrs.)	341	295	518	576	1,138	3,722
Total Amount (₹/Lacs)	124	85	168	168	1,005	1,005
Average Rate (₹)	36,272	28,922	35,351	29,171	35,980	27,002

# PRAKASH INDUSTRIES LIMITED

## (B) Consumption per unit of production

Product		Steel Billets Division		TMT Mill Division		Wire Rod Mill Division	
		2011-2012	2010-2011	2011-2012	2010-2011	2011-2012	2010-2011
Electricity (KWH)	Units	923	894	116	117	108	112
Furnace Oil	Ltrs.	0.76	0.60	13	15	9	11

## TECHNOLOGY ABSORPTION

### A) Research & Development (R&D)

- (a) **Specific areas in which R&D carried out by the Company:** The Company has always emphasized on Research and Development in various areas to make the products cost effective as well as to develop a system for identifying areas where continual improvement can lead to over all improvement particularly lower cost of production, better productivity, better efficiencies and optimum human resource utilization.

The Company has initiated research and development activities in various areas including the following:-

1. Modification of air injection tube for increasing its life in the Kilns.
2. Use of char coal in power plant to utilize the solid waste
3. Installation of cooler in SAF to minimize pollution and improve the efficiency of bag filters and increase productivity
4. Optimization of equipment efficiencies for reducing the auxiliary consumption in power plant
5. Achieve higher productivity, cost effectiveness, quality improvement, waste reduction through WCM continual Improvement project planned and implemented in-house.

- (b) **Benefit derived as a result of above R & D :**

Company has experienced multiple benefits through various R&D activities including cost reduction, higher productivity, improved efficiency and optimum utilization of human resources.

- (c) **Future Plan of Action :**

Company has initiated many WCM and Energy Conservation Projects which are developed in house to achieve cost reduction and higher productivity in various manufacturing units which is a continual process. The Company has also planned TPM / Lean Six Sigma projects for further improvement in the cost effectiveness and increase in productivity. Apart from this it has also strengthened the R&D cell which will lead to more R&D projects in the company with participation of all employees on concept of "5 S", KAIZEN, Energy Management and Water Conservation through Water Audit.

- (d) **Expenditure on R & D :**

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

### B) Technology Absorption, Adaption & Innovation :

- (a) **Efforts in brief made towards Technology Absorption, Adaption and Innovation:** Company had initially setup Sponge Iron Kilns based on SL/RN technology of Lurgi, Germany. Over the time, SL/RN process for making Sponge Iron was reviewed and matched with deficiencies in present operating system. Company is undertaking expansion in Steel & Power capacities, for which efforts are being made to adopt the best possible state of art technology available.

- (b) **Benefits derived as a result of the above efforts:** Higher production achieved in Sponge Iron Kilns.

- | Particulars of Technology Imported during last 5 years : | Technology Imported | Year of Import | Has Technology been fully absorbed. |
|--|---------------------|----------------|-------------------------------------|
| Nil  | Nil                 | Nil            | Nil                                 |

## 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 lacs)	Previous Year (₹ in lacs)
i) Foreign exchange used	2,165	2,817
ii) Foreign exchange earned	2,879	-

**AUDITORS' REPORT**

To,  
The Members of  
PRAKASH INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Prakash Industries Ltd. as at 31st March, 2012 and the Statement of Profit & Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted audit in accordance with Auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we annex here to a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. *As stated in Note No.28, in terms of a Court order, the deferred tax liability for the year has been adjusted against Securities Premium account. Had the deferred tax liabilities for the year been accounted for pursuant to Accounting Standard-22'Accounting for Taxes on Income', profit after tax for the year would have been lower by ₹42 lacs;*
5. *As stated in Note No.1(m), the provision of tax made by the Company is subject to assessment by the tax authorities and set off of MAT credit entitlement is subject to availability of taxable income to the Company in future, as per the provisions of the Income Tax Act, 1961.*
6. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that :
  - a) We 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) In our opinion, proper books of account as required by law have

been kept by the Company, so far as appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) *Subject to our comments in para 4 above, in our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this report, comply with the mandatory Accounting Standards, referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.*
- e) On the basis of written representations received from the Directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

*Subject to our comments in para 4 above and their consequential impact on the profit for the year, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
- (ii) in the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

**for CHATURVEDI & PARTNERS**  
**Chartered Accountants**  
(Registration No. 307068E)

New Delhi  
29<sup>th</sup> May, 2012

**(L.N. Jain)**  
**Partner**  
M.No. 72579

# PRAKASH INDUSTRIES LIMITED

## ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PRAKASH INDUSTRIES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012.

1. (a) The Company has maintained proper records showing all particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. During the year, no material discrepancies were noticed by the management on such verification.
- (c) Fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and going concern status of the Company is not affected.
2. (a) The inventory, except stock in transit or lying with the third parties has been physically verified by the management during the year. For stocks lying with the third parties at the year end, written confirmations have been obtained. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
3. The Company has neither granted nor taken any loan, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not come across any continuing failure to correct major weaknesses in the internal control system.
5. Based upon the audit procedures applied by us and according to the information and explanations given to us, there are no transactions which are required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year within the meaning of the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of certain manufacturing activities of the Company. We have been informed that such accounts and records have been maintained by the Company.
9. (a) As per records of the Company and according to the information and explanations given to us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Entry Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess or any other material statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, there are no undisputed statutory dues at the year end outstanding for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given by the management and relied upon by us, there are following statutory dues which have not been deposited by the Company on account of some dispute and same are pending before appropriate authorities:-

Nature of the dues	Amount (₹ in lacs)	Forum where the dispute is pending
Excise Duty	223.88	CESTAT, New Delhi
	6.29	Appellate Authority- Dy. Commissioner
	0.11	Appellate Authority- Asst. Commissioner
	5.09	Appellate Authority- Jt. Commissioner
	32.45	Appellate Authority- Addl. Commissioner
Energy Cess	639.00	Supreme Court of India

10. The Company has no accumulated losses as at 31st March, 2012. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ society are not applicable to the Company.

## **PRAKASH INDUSTRIES LIMITED**

14. In our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made in respect of Company's dealings in its investments. The investments held by the Company as at 31st March, 2012 are in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans taken by the Company during the year have been applied for the purpose for which they were obtained, other than temporary deployment pending application.
17. According to the information and explanations given to us and on an overall examination of Balance Sheet of the Company, we are of the opinion that the Company has not raised any funds on short-term basis, which have been used for long-term investments.
18. The Company has not made any preferential allotment of shares during the year to the parties and companies covered in the Register maintained under Section 301 of the Company Act, 1956.
19. The Company has not issued any debentures during the year under review.
20. The Company has not raised any money by way of public issue during the year under review.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year under review.

**for CHATURVEDI & PARTNERS**  
**Chartered Accountants**  
(Registration No. 307068E)

New Delhi  
29<sup>th</sup> May, 2012

**(L.N. Jain)**  
**Partner**  
M.No. 72579

# PRAKASH INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	13,449	13,449
Reserves & Surplus	3	<u>1,82,363</u>	<u>1,58,430</u>
		1,95,812	1,71,879
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	86,215	60,081
Deferred Tax Liabilities (Net)		8,062	8,020
Long-Term Provisions	5	<u>1,272</u>	<u>1,136</u>
		95,549	69,237
<b>Current Liabilities</b>			
Short-Term Borrowings	6	1,142	1,985
Trade Payables		3,648	5,050
Other Current Liabilities	7	18,786	10,764
Short-Term Provisions	8	<u>2,738</u>	<u>6,992</u>
		26,314	24,791
<b>Total</b>		<u>3,17,675</u>	<u>2,65,907</u>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	9		
Tangible Assets		1,60,121	1,04,622
Intangible Assets		1,100	1,370
Capital Work-in-Progress		79,536	87,653
Intangible Assets Under Development		<u>4,649</u>	<u>3,582</u>
		2,45,406	1,97,227
Non-Current Investments	10	214	202
Long-Term Loans and Advances	11	<u>31,286</u>	<u>30,779</u>
		2,76,906	2,28,208
<b>Current Assets</b>			
Current Investments	12	4,829	2,501
Inventories	13	17,846	16,239
Trade Receivables	14	9,222	8,643
Cash and Cash Equivalents	15	4,972	6,301
Short-Term Loans and Advances	16	3,812	3,980
Other Current Assets	17	<u>88</u>	<u>35</u>
		40,769	37,699
<b>Total</b>		<u>3,17,675</u>	<u>2,65,907</u>

Notes on Financial Statements 1 to 46

As per our report of even date attached  
For Chaturvedi & Partners  
Chartered Accountants

For and on behalf of the Board

(L.N. Jain)  
Partner

NEW DELHI  
29th May, 2012

Manoj Aggarwal  
Company Secretary

Vipul Agarwal  
Whole - time Director

G.L.Mohta  
Whole - time Director

Vikram Agarwal  
Managing Director

# PRAKASH INDUSTRIES LIMITED

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	This Year ₹ in lacs	Previous Year ₹ in lacs
<b>INCOME</b>			
Sale of products		2,30,441	1,82,115
Less: Excise duty		<u>19,748</u>	<u>15,705</u>
Revenue from operations		210,693	1,66,410
Other Income	18	<u>246</u>	<u>873</u>
<b>Total Revenue</b>		<u><b>2,10,939</b></u>	<u><b>1,67,283</b></u>
<b>EXPENSES</b>			
Cost of Material Consumed		1,39,820	1,01,256
Changes in Inventories of Finished Goods			
Work-in-Progress and Stock in Trade	19	(449)	(205)
Employee Benefits Expenses	20	8,928	7,778
Finance Costs	21	1,386	569
Depreciation and Amortization Expenses	22	7,825	6,995
Other Expenses	23	25,826	23,529
<b>Total Expenses</b>		<u><b>1,83,336</b></u>	<u><b>1,39,922</b></u>
<b>Profit before Tax</b>		<b>27,603</b>	<b>27,361</b>
Tax Expenses			
Current Tax		5,523	5,454
Less : MAT Credit Entitlement		<u>4,736</u>	<u>4,837</u>
Net Current Tax		787	617
Tax for Earlier Years		-	36
<b>Profit after Tax</b>		<u><b>26,816</b></u>	<u><b>26,708</b></u>
<b>Earning Per Share</b>			
Basic / Diluted (₹)		20	21

Notes on Financial Statements 1 to 46

As per our report of even date attached  
For Chaturvedi & Partners  
Chartered Accountants

For and on behalf of the Board

(L.N. Jain)  
Partner

NEW DELHI  
29th May, 2012

Manoj Aggarwal  
Company Secretary

Vipul Agarwal  
Whole - time Director

G.L.Mohta  
Whole - time Director

Vikram Agarwal  
Managing Director



# PRAKASH INDUSTRIES LIMITED

## CASH FLOW STATEMENT

		This Year	(₹ in lacs) Previous Year
<b>A. Cash Flow From Operating Activities :</b>			
Net Profit as per Profit & Loss Account		26,816	26,708
Adjustments for			
Provisions/Liabilities Written Back	-	(451)	
Provision for tax	787	653	
Provision for gratuity and leave encashment	301	324	
Provision for doubtful debts and advances	5	2	
Depreciation	7,556	6,725	
Expenses amortised	269	269	
Interest & Other Income	(221)	(255)	
Profit on sale of fixed assets	(20)	(68)	
Profit on Investments	(5)	(99)	
Financial expenses	1,386	10,058	570
Operating Profit before working Capital changes		36,874	34,378
Adjustments for			
Trade & Other receivables	3,610	(9,325)	
Inventories	(1,607)	(6,050)	
Trade payables & provisions	2,676	4,679	597
Cash generated from operations		41,553	19,600
Taxes Paid		9,942	4,720
Financial expenses paid		1,393	570
<b>Net Cash from operating activities</b>		<b>30,218</b>	<b>14,310</b>
<b>B. Cash Flow From Investing Activities:</b>			
Sale of fixed assets		33	217
Purchase of fixed assets		(51,542)	(62,414)
Mine development expenditure		(1,067)	(3,582)
Interest & other Income received		173	382
Investment in Group companies & Joint venture		192	20
Purchase/sale of investment		(2,328)	(2,501)
<b>Net cash used in investing activities</b>		<b>(54,539)</b>	<b>(67,878)</b>

**PRAKASH INDUSTRIES LIMITED****C. Cash Flow From Financing Activities :**

Proceeds from issue of FCCB (Net of Expenses)	-	25,500
Payment of Dividend and Dividend Tax	(1,549)	-
Proceeds from issue of Shares Warrants	-	1,582
Proceeds from Loans (Net)	24,541	22,608
<b>Net Cash from financing activities</b>	<b>22,992</b>	<b>49,690</b>
<b>Net Changes in Cash &amp; bank equivalents (A+B+C)</b>	<b>(1,329)</b>	<b>(3,878)</b>
<b>Opening balance of Cash &amp; bank equivalents</b>	<b>6,301</b>	<b>10,179</b>
<b>Closing balance of Cash &amp; bank equivalents</b>	<b>4,972</b>	<b>6,301</b>

## Notes :

- The Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 'Cash Flow Statements'
- Cash and bank equivalents include earmarked deposits, which are not available currently for use by the Company (refer note no.15).
- Provision for tax is net of amount of MAT Credit entitlement.
- Purchase of fixed assets include movement of capital work in progress and interest capitalized.
- Previous year's figures have been regrouped/rearranged wherever considered necessary, to confirm to this year's presentation.

As per our report of even date attached  
For Chaturvedi & Partners  
Chartered Accountants

(L.N. Jain)  
Partner

For and on behalf of the Board

NEW DELHI  
29th May, 2012

Manoj Aggarwal  
Company Secretary

Vipul Agarwal  
Whole - time Director

G.L.Mohta  
Whole - time Director

Vikram Agarwal  
Managing Director

## NOTES ON FINANCIAL STATEMENTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the historical cost convention and generally accepted accounting principles. A summary of the important accounting policies, which have been followed consistently is set out below :

**(a) Basis of Accounting**

- i) Accrual method of accounting is followed with regard to income and expenses.
- ii) Sales are inclusive of excise duty and exclusive of sales tax/value added tax, returns and trade discounts.
- iii) Raw material consumption is net of sale and the profit / loss on sale is charged to the consumption account. Consumption quantities exclude materials used as fuels/sales and disposals.
- iv) Insurance claims, duty drawback on exports and other claims and refunds have been accounted for where there is reasonable certainty with regard to the ultimate collection.

**(b) Use of estimates**

The preparation of financial statements requires the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The differences between actuals and estimates are recognized in the periods in which the results are known/materialize.

**(c) Fixed Assets**

- i) Tangible Fixed Assets are stated at Cost which is net of Cenvat/Tax Credit, inclusive of freight, duties, taxes and other incidental expenses relating to acquisition and installation except certain revalued assets which are stated at revalued amount less accumulated depreciation.
- ii) Expenditure incurred during the period of construction are carried forward as Capital-Work in Progress and on completion, the costs are allocated to the respective Fixed Assets.
- iii) Preoperative expenditure comprising of revenue expenses incurred in connection with project implementation during the period upto commencement of commercial production are treated as part of project costs and are capitalized. Such expenses are capitalized only if the project to which they relate involve substantial expansion of capacity or upgradation.
- iv) In order to reflect the book value of the fixed assets of the Company to conform to the present replacement cost, Plant & Machinery of certain divisions as on 31st March, 2005 have been revalued by an approved valuer using the standard indices and accordingly amount has been transferred to Revaluation Reserve.

**(d) Depreciation**

- i) Depreciation on tangible fixed assets is provided for at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on Straight Line method.
- ii) Depreciation on Plant & Machinery of certain divisions which were revalued as on 31st March, 2005 has been provided on straight line method at rates based on the useful life as certified by valuer.
- iii) Depreciation on the incremental amount added to the cost of fixed assets on Revaluation is being adjusted against the Revaluation reserve on the basis of estimated remaining useful life of the assets.

**(e) Intangible Assets**

Intangible assets are stated at cost less accumulated amortization and net of impairments, if any. An intangible asset is recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and its cost can be measured reliably. Mine development cost is amortized on a straight line basis over a period of 10 years.

**(f) Inventory**

Raw Materials and Stores & spares are valued at lower of cost, computed on FIFO basis, and net realisable value. Finished goods & work in process are valued at lower of cost or net realisable value and scrap & waste at estimated realisable value. Cost of raw materials and Stores & spares includes transport and handling costs and are net of cenvat/vat credits wherever applicable. The cost of finished goods includes materials, labour and related factory overheads including depreciation. Excise duty is included in finished goods valuation, where applicable. The material in transit are valued at cost.

**(g) Foreign Currency Transactions**

Foreign Currency Transactions are recorded in the accounts at the rates existing at the time of transaction and any exchange difference arising at the time of realisation is dealt within the Profit & Loss Account. Outstanding Foreign Currency monetary items are translated at the year end rates. The amount of Exchange rate difference debited to Capital work in progress during the year is ₹ 4,686 lacs (Previous year credited ₹ 281 lacs).

**(h) Investments**

Current Investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversal of such reduction are charged or credited to the Profit and Loss Account. Long term Investments are stated at cost. Provision is made to recognize a decline, other than temporary, in the value of such investments.

**(i) Employee Benefits**

In respect of Defined Contributions Scheme, Contribution to Provident Fund & Family Pension and Employee State Insurance Scheme are charged to the Profit & Loss account as incurred.

In respect of Defined Benefit Schemes, the post retirement benefits such as gratuity, leave encashment and other retirement benefits are accounted for, based on valuations, as at the Balance Sheet date, made by an independent Actuary. Actuarial gains/losses are charged to Profit & Loss Account and are not deferred.

**(j) Borrowing Costs**

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which necessarily take a substantial period of time to get ready for their intended use are capitalised on that asset. Other borrowing costs are charged to revenue account. The amount of borrowing cost charged to Capital work in progress during the year is ₹ 7,536 lacs (₹ 3,328 lacs)

**(k) Segment Reporting Policies**

Revenue and expenses are identified to segments on the basis of their relationship to the operative activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, are included under "Unallocable Expenditure/Income".

**(l) Earnings Per Share (EPS)**

Basic earning per share is computed by dividing net profit or loss for the period attributable to equity share holders by weighted average number of equity shares outstanding during the period. The Diluted earning per share is calculated on the same basis as Basic Earning per share, after adjusting for the effects of potential dilutive equity shares.

**(m) Taxes on Income**

i) Tax expense for the year comprise of current and deferred tax. Current Tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws. The Company has opted for tax exemption under section 80-I in respect of profits of Power and PVC divisions as per the provisions of the Income Tax Act, 1961. The amount of exempted profit considered by the Company while making provision for its tax liability is subject to assessment by the concerned tax authorities. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between the taxable profit and the profit as per the accounts. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are not recognised unless in the opinion of the management there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The effect on deferred tax assets and liabilities of a change in tax rate is recognised in the year of change. Deferred tax assets/liabilities are reviewed at each balance sheet date. Pursuant to the approval of the shareholders and Hon'ble Punjab & Haryana High Court's order dated 23rd August 2007 Deferred tax liabilities are being adjusted in Securities Premium Account. The taxable income of the Company being lower than the book profits under the provisions of the Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT) on its income.

ii) Considering the future profitability and taxable position in the subsequent years, the Company has recognized Minimum Alternate Tax (MAT) credit as an asset by crediting the Profit & Loss Account and including the same under Loans & Advances in accordance with the Guidance note on "Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act 1961" issued by the Institute of Chartered Accountants of India.

**(n) Impairment Of Assets**

When there is an indication that an asset is impaired, the recoverable amount is estimated and the impairment is recognised to the extent carrying amount exceeds its recoverable amount.

**(o) Provisions and Contingencies**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statement.

**(p) Prior Period and Extraordinary Items**

Prior period and extraordinary items and change in accounting policies, having a material impact on the financial affairs of the company are disclosed, wherever required .

# PRAKASH INDUSTRIES LIMITED

2. SHARE CAPITAL	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
<b>Authorised :</b>		
170000000 (170000000) Equity Shares of ₹ 10 each	17,000	17,000
	<u>17,000</u>	<u>17,000</u>
<b>Issued , Subscribed &amp; Paid-up :</b>		
<b>Equity</b>		
134488514 (134488514) Equity Shares of ₹ 10 each		
fully paid up	13,449	13,449
	<u>13,449</u>	<u>13,449</u>

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

Particulars	As at 31st March,2012		As at 31st March,2011	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
At the beginning of the year	134488514	13,449	121693714	12,169
Issued during the year				
On conversion of FCCB	-	-	2794800	280
On conversion of Equity share Warrants	-	-	10000000	1,000
Outstanding at the end of the year	134488514	13,449	134488514	13,449

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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) Details of shareholders holding more than 5% shares in the Company.

Name of the Shareholder	As at 31st March,2012		As at 31st March,2011	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Amarjoti Vanijiya Private Limited	10375750	7.71	10000000	7.44
GMK Builders Private Limited	8164800	6.07	8169800	6.07

(d) Foreign Currency Convertible Bonds (FCCB) holders have an option to get their bonds converted into equity shares of the Company (refer note 4 (d)).

# PRAKASH INDUSTRIES LIMITED

## 3. RESERVES AND SURPLUS

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in lacs		₹ in lacs	
<b>Capital Reserve</b>		<b>279</b>		<b>279</b>
<b>Capital Redemption Reserve</b>		<b>800</b>		<b>800</b>
<b>Securities Premium Account</b>				
At Opening	24,747		14,575	
Received during the year	-		11,572	
FCCB Issue expenses	-		(1,098)	
Deferred Tax (Refer Note no.28)	(42)	24,705	(302)	24,747
<b>Revaluation Reserve</b>				
At Opening	15,143		16,421	
Transfer to Depreciation Account	1,278	13,865	1,278	15,143
<b>General Reserve</b>				
At Opening	1,16,000		91,000	
Transfer from Profit & Loss Account	25,000	1,41,000	25,000	1,16,000
<b>Surplus in Profit &amp; Loss Account</b>				
At Opening	1,461		1,316	
Add: Profit for the year	26,816		26,708	
	<u>28,277</u>		<u>28,024</u>	
Less: Appropriations				
Proposed dividend on Equity Shares	1,345		1,345	
(Dividend per share ₹ 1 (previous year ₹ 1))				
Tax on Proposed Equity Dividend	218		218	
Transfer to General Reserve	<u>25,000</u>		<u>25,000</u>	
		1,714		1,461
		<u>1,82,363</u>		<u>1,58,430</u>

## 4. LONG TERM BORROWINGS

	As at 31st March, 2012		As at 31st March, 2011	
	₹ in lacs		₹ in lacs	
<b>Secured</b>				
<b>Term Loans</b>				
From Banks	12,751		5,021	
From Others	<u>34,022</u>	46,773	<u>20,305</u>	25,326
<b>Unsecured</b>				
Foreign Currency Convertible Bonds(FCCB)		<u>39,442</u>		<u>34,755</u>
		<u>86,215</u>		<u>60,081</u>
				(₹ In lacs)

(a) Term of repayment of Secured Term Loans are as follows :	1-3 Years	4 - 5 years	6 - 10 years
Term Loan from banks	8,498	4,253	-
Term Loan from others	11,962	7,988	14,072

(b) 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.

(c) Term Loans from banks and others include ₹ 160 lacs (₹ 32 lacs) and ₹ 85 lacs (₹ 79 lacs) respectively secured against the vehicles financed by the concerned lenders.

(d) FCCB of ₹ 8,748 lacs (USD 17.1 Million) are due for redemption on 13th October, 2014 and carry interest @5.625% and FCCB of ₹ 30,694 lacs (USD 60 Million) are due for redemption on 30th April, 2015 and carry interest @5.25%. However, the respective bond holders have an option to get their bonds converted into equity shares of the Company on or before the maturity date. Outstanding FCCB are repayable in Foreign Currency and their repayments have not been hedged by any derivative instrument or otherwise by the Company.

# PRAKASH INDUSTRIES LIMITED

5. LONG TERM PROVISIONS	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
<b>Provisions for Employees benefits</b>		
Provisions for Gratuity & Leave Encashment	1,272	1,136
	<u>1,272</u>	<u>1,136</u>

6. SHORT TERM BORROWINGS	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
<b>Secured</b>		
Working capital loan from bank	1,142	1,985
	<u>1,142</u>	<u>1,985</u>

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.

7. OTHER CURRENT LIABILITIES	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
Current maturities of long term debts	9,532	5,595
Interest accrued but not due on borrowings	83	90
Unclaimed Dividend	14	-
Trade/Security deposits	961	824
Other Payables	8,196	4,255
(Including statutory dues, expenses payable etc.)		
	<u>18,786</u>	<u>10,764</u>

8. SHORT TERM PROVISIONS	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
<b>Provision for employees Benefits</b>		
Provisions for Gratuity & Leave Encashment	207	42
<b>Other Provisions</b>		
For Proposed Dividend on Equity Shares	1,345	1,345
For Tax on Proposed Dividend	218	218
For Taxation (Net of Advance Tax)	968	5,387
	<u>2,738</u>	<u>6,992</u>

**NOTE 9 - FIXED ASSETS**

(₹ in Lacs)

	GROSS BLOCK				DEPRECIATION			NET BLOCK		
Particulars	As at 31.03.2011	Additions	Sales/ Adjustment	As at 31.03.2012	Total upto 31.03.2011	For the year	Adjustment	Total upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Land (Lease hold)	599	-	-	599	-	-	-	-	599	599
Land (Free hold)	5121	160	11	5270	-	-	-	-	5270	5121
Building	19119	6267	-	25386	5318	589	-	5907	19479	13801
Plant & Machinery	156344	57445	-	213789	71992	8116	-	80108	133681	84352
Furniture & Fixtures	493	55	1	547	247	22	-	269	278	246
Vehicles	538	386	7	917	199	75	7	267	650	339
Office Equipment	381	31	2	410	223	29	1	251	159	158
Moulds & Dies	44	2	-	46	38	3	-	41	5	6
Miscellaneous	2	-	-	2	2	-	-	2	-	-
Total	182641	64346	21	246966	78019	8834	8	86845	160121	104622
Capital Work-in-Progress	87653	55379	63496	79536	-	-	-	-	79536	87663
Total	270294	119725	63517	326502	78019	8834	8	86845	239657	192275
Previous Year	208548	65811	4065	270294	70818	8004	803	78019	192275	137730
INTANGIBLE ASSETS										
Mine Development Cost	2696	-	-	2696	1326	270	-	1596	1100	1370
Previous Year	2696	-	-	2696	1056	270	-	1326	1370	1640
INTANGIBLE ASSETS UNDER DEVELOPMENT										
Mine Development Cost	3582	1067	-	4649	-	-	-	-	4649	3582
Previous Year	-	3582	-	3582	-	-	-	-	3582	-



# PRAKASH INDUSTRIES LIMITED

10. NON-CURRENT INVESTMENTS	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
<b>Long Term, Trade, At cost, Unquoted</b>		
<b>Equity Instruments</b>		
<b>Investment in Joint Ventures</b>		
Madanpur (North) Coal Company Private Limited		
20,95,236(19,71,323) Equity Shares of ₹ 10 each fully paid up	209	197
Fatehpur Coal Mining Company Private Limited		
46,150(46,150) Equity Shares of ₹ 10 each fully paid up	5	5
	<u>214</u>	<u>202</u>
Aggregate Book Value of Unquoted Investments	214	202
11. LONG TERM LOANS AND ADVANCES	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
(Unsecured, considered good unless otherwise stated)		
Capital Advances	6,480	10,684
Security Deposits	1,066	988
Advances to related parties(refer note no.29 & 36)	3,148	3,252
MAT Credit Entitlement (refer note no.1(m) (ii))	20,592	15,855
	<u>31,286</u>	<u>30,779</u>
12. CURRENT INVESTMENTS	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
<b>Short Term, Non Trade, At cost</b>		
<b>Quoted</b>		
<b>Investments in Units of Mutual Funds</b>		
ING Active Debt multimanager scheme growth		
1,58,033(Nil) Units of face value of ₹ 10 each	23	-
Religare FMP Series XI		
20,00,000(Nil) Units of face value of ₹ 10 each	200	-
Templeton India Ultra Short Bond Fund		
Nil (99,94,100) Units of face value of ₹ 10 each	-	1,001
IDFC Cash Fund		
Nil (86,18,708) Units of face value of ₹ 10 each	-	1,500
<b>Investments in equity shares through Portfolio Management Schemes</b>	3,737	-
<b>Unquoted</b>		
<b>Investment in Debentures</b>		
20(Nil) Non-convertible debenture of		
Kotak Mahindra Prime Ltd	113	-
<b>Investments in Commercial Papers</b>		
160(Nil) Commercial papers of		
Manappuram Finance Limited	756	-
	<u>4,829</u>	<u>2,501</u>
Aggregate Book Value of Quoted Investments	3,960	2,501
Aggregate Book Value of Unquoted Investments	869	-
Aggregate Market Value of Quoted Investments	4,046	-
Note : Share wise details of Investment through PMS has not been provided due to its voluminous nature.		
13. INVENTORIES	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
(As taken, valued and certified by the Management)		
Stores, Spares & Fuels	3,272	2,277
Raw Materials	9,778	8,597
Raw Materials in Transit	813	1,875
Finished Products	3,490	3,184
Work in Progress	312	223
Scrap & Waste	181	83
	<u>17,846</u>	<u>16,239</u>

# PRAKASH INDUSTRIES LIMITED

14. TRADE RECEIVABLES	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
(Unsecured, considered good unless otherwise stated)		
Outstanding exceeding six months	1,520	1,738
Less : Provisions for doubtful debts	(32)	(30)
Others	7,734	6,935
	<u>9,222</u>	<u>8,643</u>
15. CASH AND CASH EQUIVALENTS	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
Balances with Banks in		
Current Accounts	3,593	5,011
DepositAccounts	<u>1,342</u>	<u>1,227</u>
Cash in hand	37	63
	<u>4,972</u>	<u>6,301</u>
Balances with Banks include		
Balance in unpaid dividend account	14	-
Deposit accounts with original maturity of more than 12 months	263	389
Deposits pledged/held as margin money	773	1,220
16. SHORT TERM LOANS AND ADVANCES	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
(Unsecured, considered good unless otherwise stated)		
Trade Advances	2,416	2,049
Balance with statutory/government authorities	687	399
Claims recoverable	395	276
Other Advances	321	1,260
	<u>3,819</u>	<u>3,984</u>
Provision for doubtful advances	(7)	(4)
	<u>3,812</u>	<u>3,980</u>
17. OTHER CURRENT ASSETS	As at 31st March, 2012 ₹ in lacs	As at 31st March, 2011 ₹ in lacs
(Unsecured considered good unless otherwise stated)		
Interest accrued on deposits	88	35
	<u>88</u>	<u>35</u>
18. OTHER INCOME	This Year ₹ in lacs	Previous Year ₹ in lacs
Interest Income	184	242
Miscellaneous income	37	13
Provisions no longer required, written back	-	451
Net gain on investments	5	99
Profit on sale of fixed assets (Net)	20	68
	<u>246</u>	<u>873</u>

## PRAKASH INDUSTRIES LIMITED

19. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		This Year ₹ in lacs	Previous Year ₹ in lacs
<b>Stock in Trade (At Close)</b>			
Finished Products	3,490		3,184
Work in Progress	312		223
Scrap and Waste	<u>181</u>	<u>3,983</u>	<u>83</u> 3,490
<b>Stock in Trade (At Opening)</b>			
Finished Products	3,184		2,857
Work in Progress	223		306
Scrap and Waste	<u>83</u>	<u>3,490</u>	<u>92</u> 3,255
		<u>(493)</u>	<u>(235)</u>
Excise Duty on stock movement		<u>44</u>	<u>30</u>
		<u>(449)</u>	<u>(205)</u>
20. EMPLOYEE BENEFITS EXPENSE		This Year ₹ in lacs	Previous Year ₹ in lacs
Salaries, Wages and Benefits		8,037	7,015
Contribution to Provident & Other Funds		545	443
Staff Welfare Expenses		<u>346</u>	<u>320</u>
		<u>8,928</u>	<u>7,778</u>
21. FINANCE COSTS		This Year ₹ in lacs	Previous Year ₹ in lacs
Interest Expenses		1,329	527
Bank Charges		<u>57</u>	<u>42</u>
		<u>1,386</u>	<u>569</u>
22. DEPRECIATION AND AMORTIZATION EXPENSES		This Year ₹ in lacs	Previous Year ₹ in lacs
Depreciation on Tangible Assets	8,834		8,004
Amortization of Intangible Assets	<u>269</u>		<u>269</u>
	<u>9,103</u>		<u>8,273</u>
Less : Transfer from Revaluation Reserve	<u>1,278</u>	<u>7,825</u>	<u>1,278</u> 6,995
		<u>7,825</u>	<u>6,995</u>

# PRAKASH INDUSTRIES LIMITED

## 23. OTHER EXPENSES

		This Year ₹ in lacs		Previous Year ₹ in lacs
Power & Fuel		5,812		6,427
Mining Expenses		4,659		4,341
Processing Charges		38		35
Stores & Spares		3,234		3,332
Repairs to :				
Machinery	4,396		3,798	
Buildings	466		300	
Other	19	4,881	15	4,113
Insurance		51		34
Rate & Taxes		600		409
Travelling & Conveyance		463		415
Vehicle Maintenance		177		151
Auditors' Remuneration				
Audit Fees	28		25	
Tax Audit Fees	7	35	7	32
Legal & Professional Charges		688		411
Miscellaneous Expenses		1,051		762
Provision for Doubtful Debts & Advances		5		2
Rent		56		64
Directors' Sitting Fees		8		9
Advertisement		41		44
Packing & Forwarding Charges		1,438		1,119
Power transmission expenses		1,087		-
Sales Promotion		11		13
Discount & Rebate		644		646
Commission		847		1,170
		<b>25,826</b>		<b>23,529</b>

## 24. Contingent Liabilities not provided for in respect of:

	This year (₹ in lacs)	Previous year (₹ in lacs)
- Guarantees/Letter of credits issued by banks on behalf of the company	2,908	2,620
- Disputed demands of Excise Duty /Electricity dues/Lease rentals etc.	2,266	2,517
(Amount paid there against ₹180 lacs (₹384 lacs))		

25. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) 48,983 45,714
26. In the opinion of the management, the Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and all known liabilities is adequate, neither excess nor short than reasonably necessary.
27. The Company is in the process of identifying the Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been made. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the said Act, is not expected to be material.
28. 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 Accounting Standard 22 'Accounting for Taxes on Income' amounting to ₹42 lacs has been adjusted against Securities Premium Account. Consequently, the profit after tax is higher by the said amount.
29. Advance with related parties include
- A sum of ₹ 3,011 lacs (₹ 3,161 lacs) due from group companies. Maximum amount outstanding during the year ₹ 4,577 lacs (₹ 5,088 lacs).
  - A sum of ₹ Nil (₹ 6 lacs) paid to Madanpur (North) Coal Co. Pvt. Ltd., a joint venture Company. Maximum amount outstanding during the year ₹ 12 lacs (₹ 6 lacs).
  - A sum of ₹ 137 lacs (₹85 lacs) paid to Fatehpur Coal Mining Co. Pvt. Ltd., a joint venture Company. Maximum amount outstanding during the year ₹ 137 lacs (₹85 lacs).

## PRAKASH INDUSTRIES LIMITED

30. The company has made investment in the share capital of following joint venture companies formed for the purpose of developing coal blocks allotted to the Company in consortium with others:

Particulars	As at 31st March, 2012 (₹ in lacs)					2011-2012 (₹ in lacs)	
	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenditure
Madanpur (North) Coal Company Private Limited	20.67(20.67)	1031(986)	1031(986)	3312(3312)	Nil(Nil)	Nil(Nil)	Nil(Nil)
*Fatehpur Coal Mining Company Private Limited	38.46(38.46)	*(205)	*(205)	*(3195)	*(Nil)	*(Nil)	*(2)

Above figures are as certified by the management. Figures in bracket are for previous year.

\*Figures for the current year are not available since annual accounts are yet to be finalized.

31. The company has taken certain plant and machinery under operating lease during the period prior to 1<sup>st</sup> April, 2001. The company is having legal disputes with the concerned lessors and there are counter claims which are pending under arbitration/court, as such the future liability on this account, if any, is not ascertainable.
32. Gross Block of Land and Plant & Machinery includes ₹ 2,014 lacs and ₹ 19,824 lacs respectively added on revaluation of assets as at 31st March 2005. The depreciation as shown in the statement of Profit & Loss Account is net of amount of ₹ 1,278 lacs adjusted against the Revaluation reserve.
33. Details of Employees Benefits as required by the Accounting Standard 15 "Employee Benefits" are given below:-

**a) Defined Contribution Plans:**

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

	₹ in lacs	
	Current Year	Previous Year
Contribution to Provident Fund	428	342
Contribution to Employees' State Insurance	117	101

**b) Defined Benefit Plan:**

**Reconciliation of opening and closing balances of Defined Benefit obligation**

	Current Year		Previous Year	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
Defined Benefits obligation at the beginning of the year	831	347	595	259
Current Service Cost	104	43	90	40
Interest Cost	73	30	49	21
Actuarial gain/(loss)	59	35	121	38
Benefit paid	(24)	(18)	(24)	(11)
Defined Benefit obligation at the year end	1,043	437	831	347

**Reconciliation of fair value of assets and obligations**

Present value of obligation at year end	1,043	437	831	347
Amount recognized in Balance Sheet	1,043	437	831	347

**Expenses recognized during the year**

Current Service Cost	104	43	90	40
Interest Cost	73	30	49	21
Actuarial gain/(loss)	59	35	121	38
Total Cost recognized in the Profit & Loss A/c	236	108	260	99

**Actuarial assumption**

Mortality Table(L.I.C)	1994-96	1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate(per annum)	8.75%	8.75%	8.25%	8.25%
Rate of escalation in salary(per annum)	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

34. Excise duty relating to sales has been disclosed as a deduction from sales. Excise duty related to difference between closing stock and opening stock has been disclosed in Note 19.

35. The breakup of Deferred Tax Assets/(Liabilities) is as under :-

		(₹ in lacs)
Particulars	As at 31.03.2012	As at 31.03.2011
Depreciation on Fixed Assets	(8,762)	(8,628)
Disallowances under Section 43B of Income Tax Act, 1961	207	206
Provisions	493	402
	<u>(8,062)</u>	<u>(8,020)</u>

36. Related party disclosure as required by Accounting Standard -18 issued by the Institute of Chartered Accountants of India 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 with whom transactions have taken place during the year.

1. Primenet Global Limited
2. Surya Roshni Limited
3. Prakash Natural Resources Limited
4. Vanshi Farms Private Limited

b) Key Management Personnel :

1. Shri V.P.Agarwal, Chairman
2. Shri Vikram Agarwal, Managing Director
3. Shri G.L.Mohta, Whole-time Director
4. Shri Vipul Agarwal, Whole-time Director
5. Shri P.L. Gupta, Whole-time Director

c) Joint Venture Entities :

1. Madanpur (North) Coal Company Private Limited
2. Fatehpur Coal Mining Company Private Limited

(B) Transactions with related parties

		(₹ in lacs)
<u>Key Management Personnel</u>	This Year	Previous Year
Remuneration	397	289
<u>Enterprises</u>		
Hire Charges paid	-	211
Amount paid for Services	4	70
Purchase of goods	12	34
Purchase of Vehicles	222	62
Sale of goods	-	1
Advances paid	2,193	3,582
<u>Balances outstanding at year end</u>		
Long term advances	3,011	3,161
Other current liabilities	6	-
<u>Joint Venture Entities</u>		
Share Capital Contribution	6	5
Advances paid	52	91
<u>Balances outstanding at year end</u>		
Long term advances	137	91

Related party relationship in terms of Accounting Standard 18 as given above is as informed by the management and relied upon by the Auditors.

# PRAKASH INDUSTRIES LIMITED

## 37. Earning per share (EPS)

	This Year	Previous Year
Net Profit (₹ in lacs)	26,816	26,708
Weighted average no. of Equity Shares (In lacs)	1,345	1,267
Basic/Diluted Earning per Share (₹)	20	21
Nominal Value of each Share (₹)	10	10

Note : Outstanding FCCB being anti dilutive have not been considered for the purpose of computing diluted earning per share.

## 38. Particulars of raw materials consumed

	This Year	Previous Year
Chargeable Metal	40,657	31,645
Coal	12,579	6,387
PVC Resin	9,143	8,338
Ores & Minerals	69,314	47,242
Others	8,127	7,644
	<u>1,39,820</u>	<u>1,01,256</u>

## 39. Value of consumption of imported and indigenous raw materials, stores and spares and percentage to total consumption:

	₹ in lacs	This Year Percentage	₹ in lacs	Previous Year Percentage
Raw Material Consumed				
Imported	2,867	2.05%	-	-
Indigenous	1,36,953	97.95%	1,01,256	100.00%
	<u>1,39,820</u>	<u>100.00%</u>	<u>1,01,256</u>	<u>100.00%</u>
Stores & Spares				
Imported	38	1.16%	31	0.92%
Indigenous	3,196	98.84%	3,301	99.08%
	<u>3,234</u>	<u>100.00%</u>	<u>3,332</u>	<u>100.00%</u>

## 40. CIF value of imports (₹ in lacs)

Stores & Spares	31	39
Capital Goods	73	63

## 41. Earnings in foreign exchange (₹ in lacs)

FOB Value of Exports	2,879	-
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## 42. Expenditure in foreign currency (₹ in lacs)

Interest on Bonds	2,056	1,730
Professional Charges	5	981
Travelling	-	4

43. Certain balances of Debtors, Advances and Creditors 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.

44. In view of the management, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet as at 31st March,2012.

45. The revised schedule VI of the Companies Act, 1956 has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

46. **Segment wise Revenue, Results and Capital Employed**

	(₹ in lacs)	
<b>Particulars</b>	<b>This Year</b>	<b>Previous Year</b>
Segment Revenue		
a) Power	37,806	30,742
b) Steel	1,92,054	1,52,222
c) PVC Pipe & Others	13,464	13,110
Total	2,43,324	1,96,074
Less : Inter Segment Revenue (Power)	32,631	29,664
Net Sales/Income from Operations	2,10,693	1,66,410
Segment Results		
Profit before tax and interest		
a) Power	24,494	23,291
b) Steel	3,679	3,248
c) PVC Pipe & Others	816	1,391
Total	28,989	27,930
Less : Financial Expenses	1,386	569
Total Profit before tax	27,603	27,361
Capital Employed (Segment Assets-Segment Liabilities - Revaluation Reserve)		
a) Power	1,24,871	91,224
b) Steel	1,57,680	1,37,351
c) PVC Pipe & Others	4,347	3,842
Total	2,86,898	2,32,417

As per our report of even date attached  
For Chaturvedi & Partners  
Chartered Accountants

(L.N. Jain)  
Partner

For and on behalf of the Board

NEW DELHI  
29th May, 2012

Manoj Aggarwal  
Company Secretary

Vipul Agarwal  
Whole - time Director

G.L.Mohta  
Whole - time Director

Vikram Agarwal  
Managing Director



# Prakash Industries Limited

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

## PROXY FORM

\* DP ID No.....

Folio No. ....

\* Client ID No.....

No. of shares held.....

I/We.....  
of .....  
being a member of Prakash Industries Limited, hereby appoint Shri/Ms.....  
of ..... or failing  
him/her Shri/Ms..... of ..... as my/our Proxy to  
attend and vote for me/us and on my/our behalf at the 31st Annual General Meeting of the Company to be held at the Registered Office of the Company at  
15 Km. Stone, Delhi Road, Hissar-125044 (Haryana) on Saturday, the 29th September, 2012 or at any adjournment thereof.

Signed this..... day of .....2012

Signed by the Said.....

\* Applicable for investors holding shares in demat form

Affix  
₹ 1/-  
Revenue  
Stamp

Note : The proxy form signed across ₹1/- Revenue Stamp must be returned so as to reach Registered/Corporate Office of the Company not less than 48 hours before the time of holding the aforesaid meeting. The proxy need not be a member of the Company.

# Prakash Industries Limited

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

## ATTENDANCE SLIP

\* DP ID No.....

Folio No. ....

\* Client ID No.....

No. of shares held.....

I/We ..... hereby record my/our presence at the 31st Annual General Meeting of the  
Company being held at the Regd. Office of the Company at 15 Km. Stone, Delhi Road, Hissar-125044 (Haryana) on 29th September, 2012.

\*\* Member's or Proxy's Name in Block Letters

\*\* Member's or Proxy's Signatures

\* Applicable for investors holding shares in demat form

\*\* Strike out whichever is not applicable

1. Members/Proxies are requested to bring the DULY SIGNED Attendance Slip to the Meeting and hand it over at the entrance.
2. For the convenience of Members person other than Members/Proxies WILL NOT BE ADMITTED

**BOOK POST**

To,

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If undelivered, please return to :

**Prakash Industries Limited**

Corporate Office

Srivan, Bijwasan, New Delhi-110061, Tel: +91-011-28062115, 16

Fax: +91-011-28062119, Email : pilho@prakash.com,

Web: www.prakash.com