Prakash Industries Limited

Near I.O.C.L. Depot, Najafgarh - Bijwasan Road,
Bijwasan, New Delhi-110061 CIN : L27109HR1980PLC010724
Tel. : 25305800, 28062115, 28063838, Fax : 91-11-28062119,
E-mail : pilho@prakash.com, Website : www.prakash.com

PIL/SE/NSE/2014

6th August, 2014

Listing Department,
National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai – 400 051.

Kind Attn: **Ms. Shreya Ghose, Assistant Manager**

Madam,

In response to your email dated 4th August, 2014, calling for our comments and clarifications with regard to the news item of 4th August, 2014 appearing in Economic Times, we state as follows:

The allegations of impropriety and of financial ill health do not relate to M/s Prakash Industries Ltd. (**PIL**). PIL is a profit making Company and there has been no default whatsoever in repayment and/or servicing of loans and borrowings of many years.

The allegations of bribery do not really relate to PIL either. The news item relating to some bribe having being taken a few months ago by the Syndicate Bank Chairman by telling his subordinates in the bank "do not object to extending the credit extension to the said Company" does not and cannot relate to PIL at all. PIL does not have any existing credit facility with Syndicate Bank. PIL had applied for ECB borrowing to Syndicate Bank in March, 2014 and obtained an in principle sanction in May, 2014. No sanction letter has been examined by PIL as yet.

The application of PIL has been duly assessed and approved for a term loan of USD 20 million. The promoters of the Company were also required to give their personal guarantees and the entire fixed assets of PIL worth more than Rs.2500 crores to be charged to Syndicate Bank to secure this loan. In fact certain conditions imposed by the bank have not been accepted by the company.

It is therefore clear that all allegations relating to bad loans being given to Companies failing to repay their existing loans do not relate to PIL. The Company and its Chairman have been wrongly embroiled in this mess.

We would like to assure that the case filed by CBI has no material impact on the functioning or profitability of the Company. The Company has sufficient cash reserves and assets to meet all its day to day requirements and commercial liabilities in the immediate future.

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We trust that the above information is adequate to answer any queries that any investor may have.

Thanking you,

Yours faithfully,
For **Prakash Industries Limited**

Whole-time Director