



# 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/MIS/2017

14<sup>th</sup> February, 2017

Listing Department  
National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor, Plot No. C/1  
G Block, Bandra-Kurla Complex, Bandra (E)  
Mumbai - 400051

Listing Department  
BSE Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai - 400001

Company Symbol : PRAKASH

Company Code : 506022

**Sub: Press Release**

Dear Sir,

In terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing a press release given today by the Company for your information and record,

Thanking you,

Yours faithfully,  
For **Prakash Industries Limited**

*Ashwini Kumar*

**Ashwini Kumar**  
Company Secretary



Encls : as above

14<sup>th</sup> February, 2017**Demerger: Implementing focused approach for Core Businesses**

Over the years, Prakash has emerged as a diversified player with interest in Steel, Power and PVC Pipe sectors. In view of the current industry scenario and the industry trends, both the steel / power and PVC pipe sectors have huge growth potential in the coming years. The Budget 2017 has focused on housing, rural economy, infrastructure spending and railways, which shall not only boost the economic growth of the country but also revive the domestic steel demand by providing it with the required impetus to achieve the long awaited growth in the sector. Regarding the PVC Pipe industry, going by the continuous growth trajectory witnessed in the sector coupled with improving prospects in the agricultural and housing sectors on account of huge capital outlays by the government in the Budget 2017, the sector has tremendous growth potential.

During the nine months ended 31<sup>st</sup> December, 2016, the turnover and EBIDTA of the PVC Pipe business has grown by 14.22% and 20.40% respectively as compared to the corresponding period of FY 2016. Considering the colossal growth prospects in both steel and PVC, Prakash has decided to demerge the PVC Pipe business into a separate entity, which shall not only enable both the businesses to grow independently with their focused vision, strategies and operations, but also contribute significantly towards unlocking the potential value of the businesses for the shareholders. A more 'pureplay' Company, having a singular business is also preferred by the investors as the business follows a focused and sector specific growth strategy, thereby counteracting the 'conglomerate discount' and enhancing the value of the business.

The proposed demerger shall also protect the respective businesses from each other's risks including industrial and economic slowdown, change in regulatory



policies and other market forces. The businesses will also have sharper focus on their production, supply chain and end user market, which shall provide higher growth impetus with superior margins, better asset turnover and a healthy return on capital in the future years.

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