

ANNUAL | **2012**
REPORT | **2013**

Growth through
sustainability

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 Piyooash 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

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)
Koira, Distt. Koenjhar (Odisha)
Muppandal (Tamil Nadu)

WEBSITE

www.prakash.com

PRAKASH INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Prakash Industries Limited will be held on Saturday, the 28th September, 2013 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 31st March, 2013 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 Dr. Ram K. Vepa, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Manish Bahl, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri Vipul Agarwal, 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, on such remuneration as may be decided.

SPECIAL BUSINESS

7. 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 subject to the approval of shareholders and other appropriate authorities, if required, and conditions stipulated in schedule XIII of the said Act, remuneration of Shri Vikram Agarwal, Managing Director of the Company be revised as per following w.e.f. 1st April, 2013 for the remaining period of appointment viz. from 1st April, 2013 to 31st March, 2015 :-

1. Salary: ₹ 10,00,000/- p.m.
(in the grade of ₹ 10,00,000 - 2,00,000 - 12,00,000)
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 remuneration in such manner as may be suggested by shareholders / authority 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."

By order of the Board
For Prakash Industries Limited

Registered Office:
15 Km. Stone,
Delhi Road,
Hissar – 125044 (Haryana)
Dated : 22nd May, 2013

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 24th September, 2013 to 28th September, 2013 (both days inclusive).
 5. i) Members are requested to quote their folio, DP and client ID No. in all correspondence with the Company.
 - ii) If there is any change in the postal address / email ID, members may update their new address or email ID with their respective DP in case of holding shares in demat form and if holding shares in physical form they should write to the Company.
 - iii) Members holding shares in physical form and desirous of making nomination in respect of their shareholding in the Company may send Form 2B for the purpose which is available at the Corporate Office of the Company or may be downloaded from the Company's website www.prakash.com
 - iv) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities Market. Members holding shares in demat form are requested to update their PAN details with respective DPs and those holding shares in physical form may send self attested copy of PAN card to the Company.
 6. Dividend

As per rules regarding unpaid / unclaimed dividends prescribed by MCA; Company has already given the details of unpaid/ unclaimed dividend for the financial year 2010-11 on the website of Investor Education and Protection Fund (IEPF) viz. www.iepf.gov.in. Investors can also check their unpaid / unclaimed dividend details from the abovesaid website.

Members who have not received / encashed their dividend warrants for the financial year 2010-11 and 2011-12 may please write to the Company for claiming the said dividends.

The Securities and Exchange Board of India (SEBI) has recently mandated that dividend should be directly credited to the Bank accounts of the members. Hence, members holding shares in electronic form are requested to submit particulars of their bank account alongwith copy of cancelled cheque to their respective depositories (not to the Company) for payment of dividend.

Members who are holding shares in physical form are requested to
- submit particulars of their bank account alongwith copy of cancelled cheque to the Company's office at SRIVAN, Najafgarh - Bijwasan Road, Bijwasan, New Delhi- 110061.
- Form for providing bank details is available on the Company's website www.prakash.com and also annexed with the Annual Report.
7. The Ministry of Corporate Affairs (MCA) has undertaken a "Green Initiative in Corporate Governance" and allowed Companies to send documents through electronic mode to its members. A recent amendment to the Listing Agreements with the Stock Exchanges permits Companies to send soft copies of the Annual Report and other notices to all those members who have registered their email ids for the said purpose. Members are requested to support this Green Initiative by registering /updating their email ids for receiving electronics communications. Members holding shares in electronic mode are requested to update their email ids with their respective DPs and those holding shares in physical mode are requested to update their email ids with the Company at SRIVAN, Najafgarh - Bijwasan Road, Bijwasan, New Delhi - 110061.
 8. 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 Dr. Ram K. Vepa proposed for re-appointment as Director:

Dr. Vepa retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. He has been allotted Director Identification No.00054160.

Dr. Vepa joined the Board of the Company in the year 1987. He is also a member of the Audit and Shareholders' / Investors' Grievances Committees of the Company.

Dr. Vepa is a retired IAS officer having worked in various capacities in the State and Central Governments. He was serving as Commissioner of Industries in the Ministry of Industries, Government of India, New Delhi at the time of his retirement.

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

Dr. Vepa is not holding Directorship in any other Company.

As on 31st March, 2013, Dr. Vepa is holding 3281 equity shares of ₹ 10 each of Prakash Industries Ltd.
 - b) Information regarding Shri Manish Bahl proposed for re-appointment as Director:

Shri Bahl retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. He has been allotted Director Identification No.00054196.

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Shri Bahl joined the Board of the Company in the year 1993. He is also member of Audit and Remuneration Committees of the Company.

Shri Bahl is a retired IAS officer having worked in various capacities in the States and Central Government. He was serving as Secretary to the Government of India, in the Ministry of Tourism at the time of his retirement.

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

Shri Bahl is not holding Directorship in any other Company.

As on 31st March, 2013, Shri Bahl is holding 1750 equity shares of ₹ 10 each of Prakash Industries Ltd.

- c) Information regarding Shri Vipul Agarwal proposed for re-appointment as Director:

Shri Vipul Agarwal, Whole-time Director retires as a Director by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. He has been allotted Director Identification No.00010147.

Shri Vipul Agarwal joined the Board of the Company in the year 2000.

Shri Vipul Agarwal is a Chartered Accountant and has a long working experience of over 31 years. He is working as a Whole-time Director of the Company w.e.f. 18th March, 2000.

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

Shri Vipul Agarwal is also a Director of Perfect Synergy Advisory Services Pvt. Ltd.

As on 31st March, 2013, Shri Vipul Agarwal 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 Vikram Agarwal is an experienced Industrialist hailing from a reputed business house. He joined the Board of the Company on 28th May, 2005 and became its Joint

Managing Director w.e.f. 1st February, 2009. The terms and conditions and the period of appointment from 1st February, 2009 to 31st March, 2012 as a Joint Managing Director was approved by the shareholders in their meeting held on 22nd June, 2009.

The shareholders in their meeting held on 29th September, 2012 considered it necessary that Shri Vikram Agarwal be appointed as Managing Director of the Company and approved the terms and conditions of his appointment for the period from 1st April, 2012 to 31st March, 2015

Considering the increase in the business activities of the Company which resulted in increase in work and responsibility, it is proposed to revise his remuneration as mentioned in the resolution as set out at item No.7 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 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.

By order of the Board

For Prakash Industries Limited

Registered Office:

15 Km. Stone,
Delhi Road,
Hissar – 125044 (Haryana)
Dated : 22nd May, 2013

Manoj Aggarwal
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 32nd Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

	(₹ in Crores)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Net Sales & Other Income	2,513.37	2,109.39
EBIDTA	328.68	368.14
Depreciation	103.67	75.55
Financial Expenses	55.33	13.86
Expenses Amortised	<u>2.70</u>	<u>2.70</u>
Profit before tax	166.98	276.03
Provision for Taxes	<u>2.09</u>	<u>7.87</u>
Profit after tax	164.89	268.16
Balance brought forward	<u>17.14</u>	<u>14.61</u>
	182.03	282.77
Transfer to General Reserve	150.00	250.00
Proposed Dividend	13.45	13.45
Tax on Dividend	<u>2.29</u>	<u>2.18</u>
Carried over to next year	<u>16.29</u>	<u>17.14</u>

PERFORMANCE

During the year under review, the Company has achieved net sales revenue of ₹ 2,513 crores as against ₹ 2,109 crores in the previous year. After providing for interest, depreciation and tax, the net profit of the Company stands at ₹ 165 crores during the year under review as against ₹ 268 crores of previous year.

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 31st March, 2013, subject to the approval of the Members at the ensuing Annual General Meeting.

OPERATIONAL REVIEW

Your Directors have pleasure in informing you that despite general slowdown in the economic conditions worldwide, the financial performance of the Company during the year has been reasonably satisfactory and stable. The operating margins were affected due to disruption in the supplies of Iron Ore from Odisha on account of restrictions imposed by the government and temporary closure of many mines. The Company had to source Iron Ore of poor quality at higher prices, however since the beginning of the current year the situation has gradually improved and is expected to become normal in near future. Both in the steel and power segments, the Company has achieved overall volume growth in

production across the divisions, which has resulted in Company achieving highest ever production levels and substantial growth in turnover. Further, the power generation capacities commissioned during the last financial year, stabilized during the year and have been operating successfully. The additional Sponge Iron Kiln, which was set up in the later part of the last financial year, contributed significantly towards cost reduction and integration of capacities. During the later part of the year, the Company has successfully expanded its Ferro Alloys capacity by setting up additional furnaces, which shall result in optimum utilization of surplus power capacities. Captive coal mining operations have been satisfactory. Rigid PVC Pipes has registered impressive performance and has achieved record production during the year. The Company's continuous commitment towards quality has enabled it to create a niche in the market for its products.

FUTURE PROSPECTS

The Company is further expanding its Sponge Iron capacity by setting up an additional module, which is expected to be commissioned by the end of this financial year. The Company continues its efforts to completely integrate its operations and in this direction, additional capacities in Steel making and Power generation with Ferro Alloys are under implementation which will cater to the requirements of the finished Steel segment comprising of Wire Rod, TMT Bars and Structural resulting in optimum utilisation of the capacities for these products.

The Company has been allotted iron ore mines in the states of Chhattisgarh and Odisha, which are expected to be operational towards the end of the current financial year. Subsequent to the mines becoming operational, the self reliant quotient of the Company shall reach the optimal level, making the Company fully integrated.

In view of the expanded operations and improved supply situation of Iron Ore and Coal, both in terms of availability and pricing, performance of this year is expected to be much better.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

Company believes that it should not act as an isolated economic entity, rather as a part of the broader society. As a responsible corporate citizen, our company makes all concerted efforts to protect the environment and also endeavours to act to the benefit of the society at large. Company ensures that it does not engage in any business act which pose any direct threat to the environment and the society. Company has established a Corporate Environment Policy to regulate environmental activities and through its Environment Management System (EMS), it ensures prevention of pollution, conservation of energy and natural resources and recycling of waste products.

Company's business initiatives contribute to the society and environment in such a way that it is a win-win situation for both the society and the company. Company has taken effective steps towards spreading education in the nearby villages through non-formal education programmes, developing of engineering institution and assisting the schools by constructing class rooms, funding libraries, supplying science apparatus, computers and sports kits. Company organizes weekly health camps for conducting health checkups, detecting cancer, eye care, family planning and spreading awareness for AIDS. Company also provides financial assistance to the weaker section for undergoing major surgeries and distributes Tri Cycles, and wheel chairs to the disabled persons. Company has adopted a twofold strategy to counteract the shortage of water in its vicinity by installing deep water tube wells, rain water harvesting wells

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in the villages and imparting training to the villagers to maintain these tube wells which will ensure perennial availability of potable water. Company also believes that its presence should add to the physical beauty of its surroundings. In this direction, Company has renovated public spaces, bathing ghats, temples, recreational parks, roads, shelter sheds and markets in the villages adjacent to the plant.

DIRECTORS

In accordance with the provisions of section 256 of the Companies Act, 1956, Dr. Ram K. Vepa, Shri Manish Bahl and Shri Vipul Agarwal are liable to retire by rotation at the ensuing Annual General Meeting. Being eligible for re-appointment, they offer themselves for re-appointment.

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, 2013, 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, 2013 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 Rakshit & Associates were appointed as Cost Auditors for auditing the Cost Accounts of the Company for the financial year 2012-13.

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, 2013 will be filed in due course.

In terms of the Companies (Cost Audit Report) Rules 2011, as amended, the cost audit report for the financial year ended March 31, 2012 had been duly filed with the cost audit branch of the Ministry of Corporate Affairs. In terms of the Companies (Cost Accounting Records) Rules 2011, as amended, the Compliance Report for the financial year March 31, 2012 as applicable had been duly filed.

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 : 22nd May, 2013

Vikram Agarwal
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Developments

As per the World Steel Association, the Indian Steel Industry is expected to witness a much better performance in the coming years, in line with its forecast for a global rebound. Although the World Steel Association has forecasted steel consumption in India to grow at 5 per cent in the current year, it expects a spurt in the demand in the medium-term if the Indian government implements its \$ 1 trillion infrastructure investment plan in a timely manner. The steel demand is also expected to be fuelled by monetary easing expected in the coming years, which shall substantially support investment activities. Globally also, India has acquired a strong position on the steel map with its giant steel mills, acquisition of global scale capacities by players, continuous modernisation and up-gradation of old plants, improving energy efficiency, and backward integration into global raw material sources. From the current position of fourth largest crude steel capacity in the world, India is expected to become the second largest producer of crude steel in the world by 2015-16. India is maintaining its position as the world's largest producer of sponge iron with a host of coal-based units located in its mineral-rich states. On the whole, the environment for the Indian Steel Industry looks promising in the years to come.

Opportunities and Threats

Despite year on year growth witnessed in the per capita steel consumption in India in the last decade, it is still looming at 59 kgs as against world average of 215 kgs reflecting huge potential for growth in the steel industry. The situation is more alarming in rural India, where the capita steel consumption is even below 10 kgs. As more than 70% of Indian population resides in the rural areas, there is a tremendous scope for increasing consumption in the rural areas. It is estimated that increase in per capita steel consumption by 1 kg. in rural India will result in increasing steel consumption by 1 million tonnes per annum in the country. The rural market has been identified by the Government as one of the areas where the demand for steel can be enhanced manifold. In this direction, the Ministry of Steel has launched a campaign for popularising usage of steel in rural areas. The Institute of Steel Development and Growth (INSDAG) is frequently conducting training programmes to create awareness about the use of steel. INSDAG is also working on revised designs of pre fabricated/semi fabricated applications as well as increasing aesthetics of steel used in various projects. The Government is committed towards initiating all actions required to increase and popularise consumption and demand of steel in the country.

The major threat being faced by the steel industry, apart from being cyclical in nature, continues to be the shortage and consequent price vagaries of the basic inputs namely, coal, iron ore and power. The only remedy available to the steel players is to insulate themselves against this threat by optimizing the level of integration in their operations. In this direction, your Company

has achieved significant success by obtaining coal mines and setting up sufficient power capacities. The only missing link in the entire chain of integrated operations remains to be iron ore, for which your Company is presently dependent on outside sources. However, this impediment is not expected to continue for long, as the Company has been allotted iron ore mines, which are under various stages of clearances with Government authorities and are expected to be operational towards the end of the current financial year. Subsequent to the iron ore mines becoming operational, the operations of the Company shall become fully integrated.

Segment Wise / Product Wise Performance / Outlook

The performance of the Steel, Power and Mining operations of the Company have been satisfactory during the year under review. The additions in the Sponge Iron and Power capacities during the later part of the last financial year, resulted in significant cost savings during the year. Out of the total 625 MW power capacity expansion plan, after successfully commissioning first 100 MW power plant during the last financial year, the Company is taking up the implementation of the subsequent phase of 100 MW. The capacity utilization in the end products namely, Wire Rod, TMT Bars and Ferro Alloys was highest during the year. 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

Your Directors recognize that there are uncertainties and risks attached to any business. The risks could be external, internal or a combination of both. External risks can be intensification of competition, product substitution, technological obsolescence, changes in Government policy with regard to taxes and levies or economic slowdown adversely impacting demand and profitability. Such risks are continuously monitored and appropriate action is taken by the Company to minimize the same. Internal risks comprising operating risks, financial risks and business risk are also dealt with by the company in an effective manner.

Since the performance of your Company directly relates to the steel industry, which is cyclic in nature, your Company has an inherent risk of facing adverse cyclic trends in the steel industry. However, to a significant extent, your Company has mitigated this risk by entering into the power sector, where is marred by huge domestic power deficit. The Company strongly feels that in the times to come, the power players shall come across potential growth opportunities. Another area of concern continues to be ensuring uninterrupted supply of basic inputs like coal and iron ore. In this direction, your company has been able to insulate itself against the market vagaries of coal with captive coal mines already allotted to it. However, as regards iron ore, which constitutes a major chunk of the total cost of production, the

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Company still continues to be dependent on outside sources. During the year, the Company faced acute shortage in iron ore supplies due to closure of a number of mines in Odisha, which is the main source of the Company for procuring iron ore. However, with innovative approach of the management, it was able to sail through such times by substituting iron ore with Iron Ore Pellets to a large extent. Situation has now improved with the opening of some closed mines resulting in better availability of iron ore.

In the coming years, we hope that the risk of short supplies of iron ore will also be mitigated as the Company has been allotted Captive iron ore mines in Odisha and Chhattisgarh, which are under various stages of clearances with government departments and are expected to be operational by end of the current financial year.

Internal Control System and their Adequacy

Company maintains Internal control systems which provide high level of assurance regarding the effectiveness and efficiency of operations, reliability of controls and compliance with laws and regulations. The Company maintains periodical internal checks which provide safeguards and assist in proper monitoring and vetting of transactions. Quarterly internal audits are conducted and the Internal Audit Reports are placed before the Internal Audit Committee comprised of the members of the Board of Directors, which reviews the observations of the internal auditors, analyses the adequacy of the controls and identifies new areas for implementing internal checks and controls. Production Budgets are prepared and monitored on quarterly basis against actual performance and reasons for deviations, if any, are looked into. All the certifications under ISO: 9001:2008, ISO: 14001:2004 and OHSAS 18001:2007 for Quality Management, Environment Management

and Occupational Health & Safety Management respectively, are being timely maintained by the Company. 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 firmly believes that the growth of an organisation is associated with the development of its workforce. The Human Resource Development initiatives of the Company are guided by a strong set of values and policies which has contributed to its continuous growth. The Company's steps towards developing Human Resources has enabled it to craft and retain a team of proficient and knowledgeable professionals. The Company regularly conducts employees training programmes, workshops and monitoring sessions which phenomenally contribute to improvement in the quality of the employees at all levels and enhances their effectiveness in their contribution to the overall performance of the Company through skill up-gradation, knowledge improvement and attitudinal change. This also enables the employees at all levels to cope with the competitive environment through which the Company is passing at present and to achieve the desired corporate objective. The company places "Employee safety "at its top priority and ensures that all possible safety measures are taken at all establishments to ensure the optimum safety of its employees. Company also ensures providing good working environment and hygienic civic amenities to its employees. With its friendly 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

Good Corporate Governance procedures in operation imply commitment to ethical business conduct, objectivity, self-regulation and accountability. The philosophy of the Company is based on the principles of equity, fairness, transparency in all its operations, observing the spirit of law, honest communication and making appropriate disclosures. Company believes that sound Corporate Governance is necessary to serve the interest of shareholders, employees, consumers, lenders and community at large by ensuring efficient working, uncompromising application of internal control procedures, complete corporate transparency and proper conduct of the business of the Company with integrity.

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 Board of the Company 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 Listing Agreements with the Stock Exchanges. The Board comprises of eminent persons with considerable professional experience in varied fields.

b) Board Functioning and Procedures

The Board's actions and decisions are aligned with the Company's best interest. It is committed to the goal of sustainably increasing the Company's value.

The Board monitors the Company's overall corporate performance, and seeks accountability. The Board also sets standards of corporate behaviours, ensures transparency in corporate dealings and compliance with the laws and regulations.

ii) Attendance of each Director at the Board meetings & last Annual General Meeting during the year 2012-13 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 Attended	Last AGM Attended	No. of Directorships held in other Companies		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.Piyooosh Goyal DIN No.00113772	Non-executive & Independent	2	No	-	6	-	-
8.	Sh. Vipul Agarwal DIN No.00010147	Executive	4	Yes	-	1	-	-
9.	Sh. P.L. Gupta DIN No.00048868	Executive	4	No	-	3	-	-
10.	Sh. M.L. Pareek * DIN No.01795975	Executive	3	No	-	1	-	-
11.	Sh. G.L. Mohta ** DIN No.00054171	Executive	1	No	-	-	-	-

* Appointed as Whole-time Director w.e.f. 4th August, 2012

** Resigned w.e.f. 25th July, 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 2012-2013 four Board Meetings were held on 29th May, 2012, 4th August, 2012, 8th November, 2012 and 7th February, 2013. 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	29.05.2012	10	10
2	04.08.2012	10	10
3	08.11.2012	10	9
4	07.02.2013	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 2012-13 on 29th May, 2012, 4th August, 2012, 8th November, 2012 and 7th February, 2013 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) as members of the Managerial Remuneration Committee of the Board of Directors.

During the year one meeting of the Committee was held on 4th August, 2012 in which the remuneration of Shri M.L. Pareek, Whole-time Director was considered, approved and recommended to the Board.

ii) Details of remuneration / sitting fee paid to Directors for the period from 1st April, 2012 to 31st March, 2013:

S.No.	Name of Director	Salary	Perquisites	(₹ in Lacs)
				Sitting Fee
1.	Sh.V.P. Agarwal	216.00	25.92	N.A.
2.	Sh.Vikram Agarwal	18.00	2.18	N.A.
3.	Dr.S.L.Keswani	Nil	Nil	2.60
4.	Dr.Ram K.Vepa	Nil	Nil	2.40
5.	Sh.K.C.Mehra	Nil	Nil	1.80
6.	Sh.Manish Bahl	Nil	Nil	1.80
7.	Sh.Piyoosh Goyal	Nil	Nil	0.40
8.	Sh.M.L. Pareek *	15.81	6.22	N.A.
9.	Sh.Vipul Agarwal	36.00	14.52	N.A.
10.	Sh.P.L. Gupta	18.00	7.26	N.A.
11.	Sh.G.L. Mohta **	12.00	57.67	N.A.

* Appointed w.e.f. 4th August, 2012

** Resigned w.e.f. 25th July, 2012

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	N.A.
2.	Shri Vipul Agarwal	3 years	01.04.2011	One month
3.	Shri P.L. Gupta	3 years	07.11.2011	One month
4.	Shri Vikram Agarwal	3 years	01.04.2012	N.A.
5.	Shri M.L. Pareek *	3 years	04.08.2012	One month

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

iv) Details of shareholding of non-executive Directors in the Company as on 31st March, 2013 :

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-Debenture 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 shares, 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 2012-13 on 28th April, 2012, 21st July, 2012, 20th October, 2012 and 19th January, 2013 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 31st March, 2013 : 41

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.

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, no meeting was held during the financial year 2012-13.

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 the website of the Company. All the Board members and Senior Management personnel including functional heads of the Company have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director 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 2012-13"

Place : New Delhi
Date : 22nd May, 2013

Vikram Agarwal
Managing Director

PRAKASH INDUSTRIES LIMITED

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
2011-2012	29.09.2012 at 12.30 p.m.	- Re-appointment / appointment of Managing Director and two Whole-time Directors
2010-2011	29.09.2011 at 12.30 p.m.	- Re-appointment of Chairman and Managing Director and two Whole-time Directors - Enhancement of the limit of creation of charge / mortgage / hypothecation and pledge etc.
2009-2010	14.08.2010 at 12.30 p.m.	- Amendments in Authorised Share Capital clause of the Memorandum and Articles of Association of the Company

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. 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	28 th September, 2013 at 12.30 p.m.
Venue	15 Km. Stone, Delhi Road, Hissar-125044

b) Financial Calendar for 2013-14:

- First quarter results upto 14th August, 2013
 - Second quarter results upto 14th November, 2013
 - Third quarter results upto 14th February, 2014
 - Fourth quarter / Annual results upto 15th / 30th May, 2014
- c) Book Closure : 24th September, 2013 to 28th September, 2013 (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, 5 th 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

PRAKASH INDUSTRIES LIMITED

f) Market Price Data :

Market price of Company's Equity Share of ₹10 each during the year from April, 2012 to March, 2013 at BSE Ltd. and National Stock Exchanges (NSE) are given below:

Month	BSE		NSE	
	Highest	Lowest	Highest	Lowest
April, 2012	57.25	47.35	57.60	47.15
May, 2012	53.90	44.30	54.25	42.50
June, 2012	54.00	45.50	53.80	44.50
July, 2012	62.95	52.55	62.95	52.40
August, 2012	64.40	46.65	64.25	46.80
September, 2012	58.90	47.00	58.80	46.90
October, 2012	58.90	47.70	58.90	49.25
November, 2012	54.55	43.00	54.70	44.45
December, 2012	54.40	45.80	54.40	45.60
January, 2013	56.65	45.90	56.75	45.90
February, 2013	46.80	32.50	46.90	32.45
March, 2013	39.80	32.15	38.85	32.10

g) Distribution of Shareholding (as on 31st March, 2013)

No. of Equity Shares held	No. of Share Holders	% of Share Holders	No. of Shares	% of Share Holding
Upto 5000	47369	85.25	7991246	5.94
5001 - 10000	4005	7.21	3179706	2.37
10001 - 20000	1912	3.44	2894401	2.15
20001 - 30000	670	1.21	1706178	1.27
30001 - 40000	312	0.56	1124876	0.84
40001 - 50000	253	0.45	1199626	0.89
50001 - 100000	464	0.84	3421889	2.54
100001 – above	577	1.04	112970592	84.00
Total	55562	100.00	134488514	100.00

h) Shareholding Pattern (as on 31st March, 2013)

Category	No. of Shares	% of Shares Holding
Promoters & Promoter Group	62522390	46.49
Mutual Fund / UTI	4315687	3.21
Financial Institutions / Banks	3785	0.00
Insurance Companies	739666	0.55
Foreign Institutional Investors	2957933	2.20
Bodies Corporate	33240660	24.72
NRIs/OBCs	516813	0.38
Public (Individuals)	30191580	22.45
Total	134488514	100.00

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, 2013; 92.43% of Equity Shares of the Company were held in dematerialized form.

l) Listing Fee :

The Company has paid the listing fees upto the year 2013-14 of BSE Ltd. and National Stock Exchange of India Ltd. where the shares of the Company are listed and traded.

m) Outstanding Foreign Currency Convertible Bonds (FCCB)

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 2013 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

n) Plant Locations :

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

o) 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

E-mail : investorshelpline@prakash.com

p) 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, 2013 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 : 22nd May, 2013

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, 2013.

Sr. No.	Name	Age (Years)	Qualifications	Experience (Years)	Designation/ Nature of Duties	Remuneration (₹) Lacs	Date of Commencement of Employment	Particulars of last Employment
A. Employed throughout the financial year under review and were in receipt of remuneration for the year in aggregate not less than ₹ 60 Lacs per annum :								
1.	Sh.V.P.Agarwal	57	B.Com.	34	Chairman	242	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, 2013.

CONSERVATION OF ENERGY

In order to demonstrate the commitment of the company towards energy conservation, the Company has formulated an energy policy and aligned all its production processes in line with energy policy and international standards for energy management system ISO-50001:2011 and became the first steel Company of India to be certified with ISO-50001:2011 in May'12 by BSI , Delhi Certification Body.

For aligning with ISO:50001, the Company has created energy awareness at all level through energy trainings , awareness programmes, energy slogans and energy suggestion campaign and competitions, energy audit, training on Specific energy topics on compressors, motors, pumps, blowers and general energy efficiency programmes.

Opportunities for potential energy conservation areas are identified and the Energy Management Plan (EnMP) is prepared to implement the identified opportunities to achieve the desired energy conservations.

The Company is having a dedicated energy cell manned with BEE Certified energy manager for regularly conducting the energy audit and identifying the potential energy saving proposal and pursue for implementation through concerned team.

INFORMATION AS PER PRESCRIBED FORM 'A' :

	Billets Division		TMT Mills Division		Wire Rod Mill Division		
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	
(A) Power and Fuel Consumption							
1.Electricity Purchased*							
Units in Lacs	53	66	169	93	576	452	
Total Amount (₹ Lacs)	478	625	810	373	2,671	1,804	
Rate/Unit (₹)	9.02	9.50	4.79	4.02	4.84	3.99	
* excluding transfer of power from captive plant							
2. Furnace Oil							
Quantity (K.Ltrs.)	269	341	-	518	-	1,138	
Total Amount (₹ Lacs)	111	124	-	168	-	1,005	
Average Rate (₹)	41,337	36,272	-	35,351	-	35,980	
(B) Consumption per unit of production							
Product	Steel Billets Division		TMT Mill Division		Wire Rod Mill Division		
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	
Electricity (KWH)	Units	915	923	119	116	106	108
Furnace Oil	Ltrs.	0.45	0.76	-	13	-	9
Coal	Kgs.	-	-	146	125	130	107

PRAKASH INDUSTRIES LIMITED

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. Reduction of LOI in WHRB by optimizing coal combustion in the Kiln and optimization of process parameters
2. Increase the use of char coal in power plant to utilize the solid waste
3. Achieve higher productivity, cost effectiveness, quality improvement and waste reduction through WCM continual improvement projects
4. Increase the use of steam coal in SAF division to reduce the cost of production
5. Introduction of slag granulation process to minimize the solid waste generation and improve the recovery of metal in SAF
6. Introduction of higher size screen in raw material processing unit and optimization of process parameters in SID for reducing the specific coal consumption
7. Introduction of VFD drives to achieve energy efficiency in respective divisions
8. Reuse of bed material in power plant to utilize the solid waste
9. Castable application of boiler tubes to improve the performance and enhance the tube life.

- 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 :

The Company has implemented quality (ISO-9001), environment (ISO-14001) , health and safety (OHSAS-1800) and energy management system (ISO-50001) and WCM concepts for aligning the Company's process with the International standards through documentation, review, internal and external audit and improved energy efficiency.

The Company is also planning to implement various improvement oriented Initiatives i.e. TPM / Quality Circle / Lean Six Sigma for further improvement in the cost effectiveness and Increase in Productivity.

- 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	2,296	2,165
ii) Foreign exchange earned	2,466	2,879

AUDITORS' REPORT

To,
The Members of
PRAKASH INDUSTRIES LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of Prakash Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principle generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

i. 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 Rs 90 lacs.

ii. 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 Income Tax Act, 1961.

iii. Subject to our above comments 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 aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by Section 227(3) of the Act, 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 purpose 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 and Loss, and the 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 and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
- (e) On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

for Chaturvedi & Partners
Chartered Accountants
(Registration No. 307068E)

New Delhi
22nd May, 2013

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

PRAKASH INDUSTRIES LIMITED

Annexure to Independent Auditors' Report

REFERRED TO IN PARAGRAPH 5(1) OF THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PRAKASH INDUSTRIES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

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	145.14	CESTAT, New Delhi
	6.29	Appellate Authority- Dy. Commissioner
	0.11	Appellate Authority- Asst. Commissioner
	5.09	Appellate Authority- Jt. Commissioner
Energy Cess	747.00	Supreme Court of India
10. The Company has no accumulated losses as at 31st March, 2013. 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.

PRAKASH INDUSTRIES LIMITED

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.
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, 2013 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, the Company has not taken any term loans from any bank or financial institution during the year.
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
22nd May, 2013

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

PRAKASH INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note No.	As at 31st March, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	13,449	13,449
Reserves & Surplus	3	1,95,914	1,82,363
		<u>2,09,363</u>	<u>1,95,812</u>
Non-Current Liabilities			
Long Term Borrowings	4	78,853	86,215
Deferred Tax Liabilities (Net)		8,152	8,062
Long-Term Provisions	5	1,407	1,272
		<u>88,412</u>	<u>95,549</u>
Current Liabilities			
Short-Term Borrowings	6	3,242	1,142
Trade Payables		4,780	3,648
Other Current Liabilities	7	17,764	18,786
Short-Term Provisions	8	2,567	2,738
		<u>28,353</u>	<u>26,314</u>
Total		<u>3,26,128</u>	<u>3,17,675</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	9	1,71,033	1,60,121
Intangible Assets		830	1,100
Capital Work-in-Progress		73,962	79,536
Intangible Assets Under Development		5,013	4,649
		<u>2,50,838</u>	<u>2,45,406</u>
Non-Current Investments	10	218	214
Long-Term Loans and Advances	11	36,636	31,286
		<u>2,87,692</u>	<u>2,76,906</u>
Current Assets			
Current Investments	12	1,340	4,829
Inventories	13	20,559	17,846
Trade Receivables	14	8,879	9,222
Cash and Cash Equivalents	15	2,525	4,972
Short-Term Loans and Advances	16	5,046	3,812
Other Current Assets	17	87	88
		<u>38,436</u>	<u>40,769</u>
Total		<u>3,26,128</u>	<u>3,17,675</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
22nd May, 2013

Manoj Aggarwal
Company Secretary

Vipul Agarwal
Whole - time Director

Vikram Agarwal
Managing Director

PRAKASH INDUSTRIES LIMITED**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	This Year ₹ in lacs	Previous Year ₹ in lacs
INCOME			
Sale of products		2,79,458	2,30,441
Less: Excise duty		<u>28,367</u>	<u>19,748</u>
Revenue from operations		2,51,091	2,10,693
Other Income	18	<u>246</u>	<u>246</u>
Total Revenue		<u>2,51,337</u>	<u>2,10,939</u>
EXPENSES			
Cost of Material Consumed		1,74,768	1,39,820
Changes in Inventories of Finished Goods			
Work-in-Progress and Stock in Trade	19	(1,059)	(449)
Employee Benefits Expenses	20	11,066	8,928
Finance Costs	21	5,533	1,386
Depreciation and Amortization Expenses	22	10,637	7,825
Other Expenses	23	33,694	25,826
Total Expenses		<u>2,34,639</u>	<u>1,83,336</u>
Profit before Tax		16,698	27,603
Tax Expenses			
Current Tax		3,341	5,523
Less : MAT Credit Entitlement		<u>3,132</u>	<u>4,736</u>
Net Current Tax		209	787
Profit after Tax		<u>16,489</u>	<u>26,816</u>
Earning Per Share			
Basic / Diluted (₹)		12	20

Notes on Financial Statements 1 to 46

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
22nd May, 2013

Manoj Aggarwal
Company Secretary

Vipul Agarwal
Whole - time Director

Vikram Agarwal
Managing Director

PRAKASH INDUSTRIES LIMITED**CASH FLOW STATEMENT**

		This Year	(₹ in lacs) Previous Year
A. Cash Flow From Operating Activities :			
Net Profit as per Profit & Loss Account		16,489	26,816
Adjustments for			
Provision for tax	209		787
Provision for gratuity and leave encashment	439		301
Provision for doubtful debts and advances	6		5
Depreciation and expenses amortised	10,637		7,825
Interest & Other Income	(233)		(221)
Profit on sale of fixed assets	(13)		(20)
Profit on Investments	-		(5)
Financial expenses	<u>5,533</u>	<u>16,578</u>	<u>1,386</u>
Operating Profit before working Capital changes		33,067	36,874
Adjustments for			
Trade & Other receivables	(951)		(594)
Inventories	(2,713)		(1,607)
Trade payables & provisions	<u>(700)</u>	<u>(4,364)</u>	<u>2,676</u>
Cash generated from operations		28,703	37,349
Taxes Paid		3,827	9,942
Financial expenses paid		5,531	1,393
Net Cash from operating activities		<u>19,345</u>	<u>26,014</u>
B. Cash Flow From Investing Activities:			
Sale of fixed assets		39	33
Purchase of fixed assets		(15,956)	(47,338)
Mine development expenditure		(364)	(1,067)
Interest & other Income received		234	173
Investment in Group companies & Joint venture		(725)	192
Purchase/sale of investment		3,489	<u>(2,328)</u>
Net cash used in investing activities		<u>(13,283)</u>	<u>(50,335)</u>

PRAKASH INDUSTRIES LIMITED

C. Cash Flow From Financing Activities :		
Payment of Dividend and Dividend Tax	(1,524)	(1,549)
Proceeds/(Repayment) from Loans (Net)	(6,985)	24,541
Net Cash from financing activities	<u>(8,509)</u>	<u>22,992</u>
Net Changes in Cash & bank equivalents (A+B+C)	(2,447)	(1,329)
Opening balance of Cash & bank equivalents	4,972	6,301
Closing balance of Cash & bank equivalents	2,525	4,972

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

NEW DELHI
22nd May, 2013

Manoj Aggarwal
Company Secretary

Vipul Agarwal
Whole - time Director

Vikram Agarwal
Managing Director

For and on behalf of the Board

PRAKASH INDUSTRIES LIMITED

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
- Accrual method of accounting is followed with regard to income and expenses.
 - Sales are inclusive of excise duty and exclusive of sales tax/value added tax, returns and trade discounts.
 - 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.
 - 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
- 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.
 - 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.
 - 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.
 - 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
- 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.
 - 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.
 - 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 ₹ 2,492 lacs (₹ 4,686 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 ₹ 7,518 lacs (₹ 7,536 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) Payment of Advance Income Tax for the financial year 2012-13, amounting to ₹ 3,030 Lacs, as required under the provision of Income Tax Act, 1961, has been made by the Company.
ii) 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 as per the provisions of the Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT) on its income.
iii) 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, 2013	As at 31st March, 2012
	₹ in lacs	₹ in lacs
Authorised :		
170000000 (170000000) Equity Shares of ₹ 10 each	17,000	17,000
	17,000	17,000
Issued , Subscribed & Paid-up :		
Equity		
134488514 (134488514) Equity Shares of ₹ 10 each		
fully paid up	13,449	13,449
	13,449	13,449

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

Particulars	As at 31st March,2013		As at 31st March,2012	
	No. of Shares	₹ in lacs	No. of Shares	₹ in lacs
At the beginning of the year	134488514	13,449	134488514	13,449
Issued during the year	-	-	-	-
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,2013		As at 31st March,2012	
	No. of Shares held	% of holding	No. of Shares held	% of holding
Amarjoti Vanijya Private Limited	10375750	7.71	10375750	7.71
GMK Builders Private Limited	8164800	6.07	8164800	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, 2013		As at 31st March, 2012	
	₹ in lacs		₹ in lacs	
Capital Reserve		279		279
Capital Redemption Reserve		800		800
Securities Premium Account				
At Opening	24,705		24,747	
Deferred Tax (Refer Note no.28)	(90)	24,615	(42)	24,705
Revaluation Reserve				
At Opening	13,865		15,143	
Transfer to Depreciation Account	1,274	12,591	1,278	13,865
General Reserve				
At Opening	1,41,000		1,16,000	
Transfer from Profit & Loss Account	15,000	1,56,000	25,000	1,41,000
Surplus in Profit & Loss Account				
At Opening	1,714		1,461	
Add: Profit for the year	16,489		26,816	
	18,203		28,277	
Less: Appropriations				
Proposed dividend on Equity Shares (Dividend per share ₹ 1(previous year ₹ 1))	1,345		1,345	
Tax on Proposed Equity Dividend	229		218	
Transfer to General Reserve	15,000		25,000	
		1,629		1,714
		1,95,914		1,82,363

4. LONG TERM BORROWINGS	As at 31st March, 2013		As at 31st March, 2012	
	₹ in lacs		₹ in lacs	
Secured				
Term Loans				
From Banks	8,749		12,751	
From Others	28,170	36,919	34,022	46,773
Unsecured				
Foreign Currency Convertible Bonds(FCCB)		41,934		39,442
		78,853		86,215

(a) Term of repayment of Secured Term Loans are as follows :

	1-3 Years	4 - 5 years	6 - 10 years
Term Loan from banks	7,943	806	-
Term Loan from others	11,049	5,486	11,635

(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 ₹ 327 lacs (₹ 160 lacs) and ₹ 57 lacs (₹ 85 lacs) respectively secured against the vehicles financed by the concerned lenders.

(d) FCCB of ₹ 9,301 lacs (USD 17.1 Million) are due for redemption on 13th October, 2014 and carry interest @5.625% and FCCB of ₹ 32,633 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, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
Provisions for Employees benefits		
Provisions for Gratuity & Leave Encashment	1,407	1,272
	<u>1,407</u>	<u>1,272</u>

6. SHORT TERM BORROWINGS	As at 31st March, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
Secured		
Working capital loan from bank	3,242	1,142
	<u>3,242</u>	<u>1,142</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, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
Current maturities of long term debts	10,301	9,532
Interest accrued but not due on borrowings	85	83
Unclaimed Dividend	53	14
Trade/Security deposits	873	961
Other Payables (Including statutory dues, expenses payable etc.)	6,452	8,196
	<u>17,764</u>	<u>18,786</u>

8. SHORT TERM PROVISIONS	As at 31st March, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
Provision for employees Benefits		
Provisions for Gratuity & Leave Encashment	511	207
Other Provisions		
For Proposed Dividend on Equity Shares	1,345	1,345
For Tax on Proposed Dividend	229	218
For Taxation (Net of Advance Tax)	482	968
	<u>2,567</u>	<u>2,738</u>

NOTE 9 - FIXED ASSETS

(₹ in Lacs)

Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK		
	As at 31.03.2012	As at Additions Adjustment Sales/ Adjustment 31.03.2013 As at 31.03.2012	Total upto 31.03.2012	For the year	Adjustment Total upto 31.03.2013	As at 31.03.2012	As at 31.03.2013
Land (Lease hold)	599	4	-	-	-	599	603
Land (Free hold)	5270	237	-	-	-	5270	5490
Building	25386	7580	5910	818	6728	19476	26238
Plant & Machinery	213789	14225	80105	10616	90721	133684	137293
Furniture & Fixtures	547	34	269	25	294	278	287
Vehicles	917	477	267	150	410	650	968
Office Equipment	412	17	253	29	282	159	147
Moulds & Dies	46	5	41	3	44	5	7
Total	246966	22579	86845	11641	7	160121	171033
Capital Work-in-Progress	79536	16232	-	-	-	79536	73962
Total	326502	38811	86845	11641	7	239657	244995
Previous Year	270294	119725	78019	8834	8	192275	239657
INTANGIBLE ASSETS							
Mine Development Cost	2696	-	1596	270	-	1100	830
Previous Year	2696	-	1326	270	-	1370	1100
INTANGIBLE ASSETS UNDER DEVELOPMENT							
Mine Development Cost	4649	364	-	-	-	4649	5013
Previous Year	3582	1067	-	-	-	3582	4649

PRAKASH INDUSTRIES LIMITED

10. NON-CURRENT INVESTMENTS	As at 31st March, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
Long Term, Trade, At cost, Unquoted		
Equity Instruments		
Investment in Joint Ventures		
Madanpur (North) Coal Company Private Limited		
21,32,236(20,95,236) Equity Shares of ₹ 10 each fully paid up	213	209
Fatehpur Coal Mining Company Private Limited		
46,150(46,150) Equity Shares of ₹ 10 each fully paid up	5	5
	<u>218</u>	<u>214</u>
Aggregate Book Value of Unquoted Investments	218	214
11. LONG TERM LOANS AND ADVANCES	As at 31st March, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
(Unsecured, considered good unless otherwise stated)		
Capital Advances	7,923	6,480
Security Deposits	1,120	1,066
Advances to related parties(refer note no.29 & 36)	3,869	3,148
MAT Credit Entitlement (refer note no.1(m) (ii))	23,724	20,592
	<u>36,636</u>	<u>31,286</u>
12. CURRENT INVESTMENTS	As at 31st March, 2013 ₹ in lacs	As at 31st March, 2012 ₹ in lacs
Short Term, Non Trade, At cost		
Quoted		
Investments in Units of Mutual Funds		
ING Active Debt multimanager scheme growth		
59,09,146(1,58,033) Units of face value of ₹ 10 each	950	23
Relligare FMP Series XI		
Nil(20,00,000) Units of face value of ₹ 10 each	-	200
UTI Treasury Advantage Fund Institutional Growth		
1,342 (Nil) Units of face value of ₹ 1,000 each	20	-
ICICI Prudential Income Opportunities Fund Regular Growth		
6,63,073 (Nil) Units of face value of ₹ 10 each	100	-
DWS Gilt Fund Regular Growth		
17,25,505(Nil) Units of face value of ₹ 10 each	222	-
Kotak Floater Short Term Weekly Dividend		
4,733(Nil) Units of face value of ₹ 10 each	48	-
Investments in equity shares through Portfolio Management Schemes	-	3,737
Unquoted		
Investments in Debentures		
Nil(20) Commercial papers of		
Kotak Mahindra Prime Ltd	-	113
Investments in Commercial Papers		
Nil(160) Commercial papers of		
Manappuram Finance Limited	-	756
	<u>1,340</u>	<u>4,829</u>
Aggregate Book Value of Quoted Investments	1,340	3,960
Aggregate Book Value of Unquoted Investments	-	869
Aggregate Market Value of Quoted Investments	1,358	4,046

PRAKASH INDUSTRIES LIMITED

13. INVENTORIES	As at 31st March, 2013	As at 31st March, 2012
	₹ in lacs	₹ in lacs
(As taken, valued and certified by the Management)		
Stores, Spares & Fuels	3,261	3,272
Raw Materials	12,032	9,778
Raw Materials in Transit	179	813
Finished Products	4,575	3,490
Work in Progress	426	312
Scrap & Waste	86	181
	<u>20,559</u>	<u>17,846</u>
<hr/>		
14. TRADE RECEIVABLES	As at 31st March, 2013	As at 31st March, 2012
	₹ in lacs	₹ in lacs
(Unsecured, considered good unless otherwise stated)		
Outstanding exceeding six months	1,505	1,520
Less : Provisions for doubtful debts	(33)	(32)
Others	7,407	7,734
	<u>8,879</u>	<u>9,222</u>
<hr/>		
15. CASH AND CASH EQUIVALENTS	As at 31st March, 2013	As at 31st March, 2012
	₹ in lacs	₹ in lacs
Balances with Banks in		
Current Accounts	1,073	3,593
Deposit Accounts	<u>1,413</u>	<u>1,342</u>
Cash in hand	39	37
	<u>2,525</u>	<u>4,972</u>
Balances with Banks include		
Balance in unpaid dividend account	53	14
Deposit accounts with maturity of more than 12 months from the Balance Sheet date	393	263
Deposits pledged/held as margin money	1,413	773
<hr/>		
16. SHORT TERM LOANS AND ADVANCES	As at 31st March, 2013	As at 31st March, 2012
	₹ in lacs	₹ in lacs
(Unsecured, considered good unless otherwise stated)		
Trade Advances	3,345	2,416
Balance with statutory/government authorities	1,048	687
Claims recoverable	348	395
Other Advances	317	321
	<u>5,058</u>	<u>3,819</u>
Provision for doubtful advances	<u>(12)</u>	<u>(7)</u>
	<u>5,046</u>	<u>3,812</u>
<hr/>		
17. OTHER CURRENT ASSETS	As at 31st March, 2013	As at 31st March, 2012
	₹ in lacs	₹ in lacs
(Unsecured considered good unless otherwise stated)		
Interest accrued on deposits	87	88
	<u>87</u>	<u>88</u>

PRAKASH INDUSTRIES LIMITED

18. OTHER INCOME	This Year ₹ in lacs	Previous Year ₹ in lacs
Interest Income	213	184
Miscellaneous income	20	37
Net gain on investments	-	5
Profit on sale of fixed assets (Net)	13	20
	<u>246</u>	<u>246</u>

19. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE	This Year ₹ in lacs	Previous Year ₹ in lacs
Stock in Trade (At Close)		
Finished Products	4,575	3,490
Work in Progress	426	312
Scrap and Waste	<u>86</u>	<u>181</u>
	5,087	3,983
Stock in Trade (At Opening)		
Finished Products	3,490	3,184
Work in Progress	312	223
Scrap and Waste	<u>181</u>	<u>83</u>
	<u>3,983</u>	<u>3,490</u>
	(1,104)	(493)
Excise Duty on stock movement	45	44
	<u>(1,059)</u>	<u>(449)</u>

20. EMPLOYEE BENEFITS EXPENSE	This Year ₹ in lacs	Previous Year ₹ in lacs
Salaries, Wages and Benefits	10,009	8,037
Contribution to Provident & Other Funds	646	545
Staff Welfare Expenses	411	346
	<u>11,066</u>	<u>8,928</u>

21. FINANCE COSTS	This Year ₹ in lacs	Previous Year ₹ in lacs
Interest Expenses	5,471	1,329
Bank Charges	62	57
	<u>5,533</u>	<u>1,386</u>

PRAKASH INDUSTRIES LIMITED

22. DEPRECIATION AND AMORTIZATION EXPENSES	This Year		Previous Year	
	₹ in lacs		₹ in lacs	
Depreciation on Tangible Assets	11,641		8,833	
Amortization of Intangible Assets	<u>270</u>		<u>270</u>	
	11,911		9,103	
Less : Transfer from Revaluation Reserve	<u>1,274</u>	10,637	<u>1,278</u>	7,825
		<u>10,637</u>		<u>7,825</u>

23. OTHER EXPENSES	This Year		Previous Year	
	₹ in lacs		₹ in lacs	
Power & Fuel		8,249		5,812
Mining Expenses		7,181		4,659
Processing Charges		43		38
Stores & Spares		4,274		3,234
Repairs to :				
Machinery	4,995		4,396	
Buildings	535		466	
Other	<u>22</u>	5,552	<u>19</u>	4,881
Insurance		106		51
Rate & Taxes		1,860		600
Travelling & Conveyance		537		463
Vehicle Maintenance		179		177
Auditors' Remuneration				
Audit Fees	34		28	
Tax Audit Fees	<u>8</u>	42	<u>7</u>	35
Legal & Professional Charges		865		688
Miscellaneous Expenses		1,494		1,051
Provision for Doubtful Debts & Advances		6		5
Rent		52		56
Directors' Sitting Fees		9		8
Advertisement		58		41
Packing & Forwarding Charges		1,644		1,438
Power transmission expenses		476		1,087
Sales Promotion		35		11
Discount & Rebate		132		644
Commission		<u>900</u>		<u>847</u>
		<u>33,694</u>		<u>25,826</u>

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	2,455	2,908
- Disputed demands of Excise Duty /Electricity dues/Lease rentals etc.	3,144	2,266
(Amount paid there against ₹280 lacs (₹180 lacs))		

PRAKASH INDUSTRIES LIMITED

25. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) 36,191 48,983
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 ₹ 90 lacs (₹ 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
- i) A sum of ₹ Nil (₹ Nil lacs) paid to Madanpur (North) Coal Co. Pvt. Ltd., a joint venture Company. Maximum amount outstanding during the year ₹ 81 lacs (₹ 12 lacs).
 - ii) A sum of ₹ 156 lacs (₹137 lacs) paid to Fatehpur Coal Mining Co. Pvt. Ltd., a joint venture Company. Maximum amount outstanding during the year ₹ 156 lacs (₹137 lacs).
 - iii) A sum of ₹ 3,713 lacs (₹ 3,011 lacs) due from other companies. Maximum amount outstanding during the year ₹ 4,097 lacs (₹ 4,577 lacs).
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, 2013 (₹ in lacs)					2012-2013 (₹ in lacs)	
	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenditure
Name of Joint Venture (In India)							
Madanpur (North) Coal Company Private Limited	20.67(20.67)	1036(1031)	1036(1031)	3312(3312)	Nil(Nil)	Nil(Nil)	Nil(Nil)
Fatehpur Coal Mining Company Private Limited	38.46(38.46)	*(367)	*(367)	*(3195)	*(Nil)	*(Nil)	*(1)

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 1st 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 ₹ 1,274 lacs adjusted against the Revaluation reserve.

PRAKASH INDUSTRIES LIMITED

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	481	428
Contribution to Employees' State Insurance	133	117

b) Defined Benefit Plan:

Reconciliation of opening and closing balances of Defined Benefit obligation

	₹ in lacs			
	Current Year		Previous Year	
	Gratuity	Leave	Gratuity	Leave
	(Unfunded)	Encashment (Unfunded)	(Unfunded)	Encashment (Unfunded)
Defined Benefits obligation at the beginning of the year	1,043	437	831	347
Current Service Cost	134	59	104	43
Interest Cost	86	36	73	30
Actuarial gain/(loss)	174	106	59	35
Benefit paid	(83)	(74)	(24)	(18)
Defined Benefit obligation at the year end	1,354	564	1,043	437
Reconciliation of fair value of assets and obligations				
Present value of obligation at year end	1,354	564	1,043	437
Amount recognized in Balance Sheet	1,354	564	1,043	437
Expenses recognized during the year				
Current Service Cost	134	59	104	43
Interest Cost	86	36	73	30
Actuarial gain/(loss)	174	106	59	35
Total Cost recognized in the Profit & Loss A/c	394	200	236	108
Actuarial assumption				
Mortality Table(L.I.C)	1994-96	1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate(per annum)	8.25%	8.25%	8.75%	8.75%
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.

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.

PRAKASH INDUSTRIES LIMITED

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

		(₹ in lacs)
Particulars	As at 31.03.2013	As at 31.03.2012
Depreciation on Fixed Assets	(9,031)	(8,762)
Disallowances under Section 43B of Income Tax Act, 1961	242	207
Provisions	<u>637</u>	<u>493</u>
	<u>(8,152)</u>	<u>(8,062)</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 M.L.Pareek, 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	462*	397
<u>Enterprises</u>		
Amount paid for Services	13	4
Purchase of goods	14	12
Purchase of Vehicles	-	222
Advances paid	1,258	2,193
<u>Balances outstanding at year end</u>		
Long term advances	3,713	3,011
Other current liabilities	-	6
<u>Joint Venture Entities</u>		
Share Capital Contribution	4	6
Advances paid	179	52
<u>Balances outstanding at year end</u>		
Long term advances	156	137

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

*Including remuneration paid to Shri G.L.Mohta, Whole time Director, who has since resigned.

PRAKASH INDUSTRIES LIMITED

37. Earning per share (EPS)		This Year		Previous Year
Net Profit (₹ in lacs)		16,489		26,816
Weighted average no. of Equity Shares (In lacs)		1,345		1,345
Basic/Diluted Earning per Share (₹)		12		20
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
				(₹ in lacs)
Chargeable Metal		45,290		40,657
Coal		18,323		12,579
PVC Resin		10,982		9,143
Ores & Minerals		91,550		69,314
Others		8,623		8,127
		<u>1,74,768</u>		<u>1,39,820</u>
39. <u>Value of consumption of imported and indigenous raw materials, stores and spares and percentage to total consumption:</u>		This Year		Previous Year
	₹ in lacs	Percentage	₹ in lacs	Percentage
Raw Material Consumed				
Imported	4,331	2.48%	2,867	2.05%
Indigenous	<u>1,70,437</u>	<u>97.52%</u>	<u>1,36,953</u>	<u>97.95%</u>
	<u>1,74,768</u>	<u>100.00%</u>	<u>1,39,820</u>	<u>100.00%</u>
Stores & Spares				
Imported	37	0.87%	38	1.16%
Indigenous	<u>4,237</u>	<u>99.13%</u>	<u>3,196</u>	<u>98.84%</u>
	<u>4,274</u>	<u>100.00%</u>	<u>3,234</u>	<u>100.00%</u>
40. CIF value of imports (₹ in lacs)				
Stores & Spares		62		31
Capital Goods		-		73
41. Earnings in foreign exchange (₹ in lacs)				
FOB Value of Exports		2,466		2,879
42. Expenditure in foreign currency (₹ in lacs)				
Interest on Bonds		2,211		2,056
Professional Charges		18		5
Travelling		5		-
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,2013.				

PRAKASH INDUSTRIES LIMITED

45. 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)	
Particulars	This Year	Previous Year
Segment Revenue		
a) Power	34,698	37,806
b) Steel	2,31,961	1,92,054
c) PVC Pipe & Others	16,422	13,464
Total	2,83,081	2,43,324
Less : Inter Segment Revenue (Power)	31,990	32,631
Net Sales/Income from Operations	2,51,091	2,10,693
 Segment Results		
Profit before tax and interest		
a) Power	17,281	24,494
b) Steel	3,341	3,679
c) PVC Pipe & Others	1,609	816
Total	22,231	28,989
Less : Financial Expenses	5,533	1,386
Total Profit before tax	16,698	27,603
 Capital Employed (Segment Assets-Segment Liabilities - Revaluation Reserve)		
a) Power	1,25,767	1,24,871
b) Steel	1,67,716	1,57,680
c) PVC Pipe & Others	3,837	4,347
Total	2,97,320	2,86,898

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
22nd May, 2013

Manoj Aggarwal
Company Secretary

Vipul Agarwal
Whole - time Director

Vikram Agarwal
Managing Director

NATIONAL ELECTRONIC CLEARING SERVICES (NECS)/ ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To, Company Secretary Prakash Industries Ltd. SRIVAN Najafgarh - Bijwasan Road, Bijwasan, New Delhi - 110061	To, The Depository Participant Concerned <i>(In case of shares held in Demat, Form be sent direct to DP and not to the Company)</i>
--	---

Dear Sirs,

Please fill in the information in CAPITAL LETTERS in ENGLISH only.

For Office Only
Ref. No. <input style="width: 80%;" type="text"/>

Shares held in Physical Form

Folio No.

Shares held in Demat Form

DP ID No. (NSDL)*

Client ID No. :

DP ID & Client ID No.(CDSL)*

*Applicable for Investors holding shares in Demat Form

Name of Sole/First holder	<input style="width: 100%;" type="text"/>
Bank Name	<input style="width: 100%;" type="text"/>
Branch Name	<input style="width: 100%;" type="text"/>
Branch Code	<input style="width: 100px;" type="text"/> <small>(9 Digits Code number appearing on the MICR Band of the cheque supplied by the Bank). Please attached a xerox copy of cancelled cheque for ensuring accuracy of the bank's name, branch name and code number etc.</small>

Account type <small>(Please Tick (✓) wherever applicable)</small>	→	Savings <input style="width: 30px;" type="checkbox"/>	Current <input style="width: 30px;" type="checkbox"/>	Cash Credit <input style="width: 30px;" type="checkbox"/>
--	---	---	---	---

Account No. <small>(as appearing in the cheque book)</small>	→	<input style="width: 100%;" type="text"/>
---	---	---

I, hereby declare that the particulars given above are correct and complete. I shall not hold the Company, responsible if any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, I agree to avail the NECS/ECS facility as implemented by Prakash Industries Ltd.

I further undertake to inform Prakash Industries Ltd. OR concerned Depository Participant of any change in the particulars given above to facilitate updation of records.

Place : _____

Date : _____

(Signature of Sole/First holder)
 Phone/Mob. : _____
 Email : _____

NOTES :

1. FOR SHARES HELD IN PHYSICAL FORM, NECS/ECS MANDATE IS REQUIRED TO BE SENT TO THE COMPANY AT ABOVE ADDRESS.
2. FOR SHARES HELD IN DEMATERIALIZED FORM, NECS/ECS MANDATE IS REQUIRED TO BE FILED WITH THE CONCERNED DEPOSITORY PARTICIPANT AND NOT TO THE COMPANY.

Prakash Industries Limited

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

ATTENDANCE SLIP

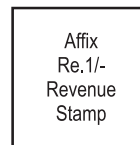
* DP ID No..... Folio No.

* Client ID No..... No. of shares held.....

I/We..... 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 32nd 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 28th September, 2013 or at any adjournment thereof.

Signed this..... day of2013

Signed by the Said.....



* Applicable for investors holding shares in demat form

Note : The proxy form signed across Re.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 32nd 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 28th September, 2013.

.....
** 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: +91-011-25305800, 28062115

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

Web: www.prakash.com

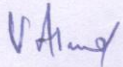
FORM A

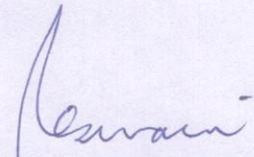
(Pursuant to Clause 31 of the Listing Agreement)

1.	Name of the Company	Prakash Industries Limited
2.	Annual Financial Statement for the year ended	31st March, 2013
3.	Type of Audit observation	Un-qualified / Matter of Emphasis
4.	Frequency of observation	Not Applicable

for **Prakash Industries Limited**

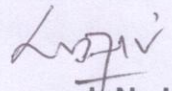

Vikram Agarwal
Managing Director


Vipul Agarwal
Whole-time Director


Dr. S.L. Keswani
Chairman Audit Committee



For Chaturvedi & Partners
Chartered Accountants
Firm Registration No.307068E


L.N. Jain
Partner
Membership No.72579