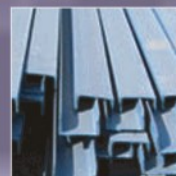


# ANNUAL REPORT 2009-10



## PRAKASH INDUSTRIES LIMITED

# **PRAKASH INDUSTRIES LIMITED**

## **BOARD OF DIRECTORS**

|                     |                              |
|---------------------|------------------------------|
| Shri V. P. Agarwal  | Chairman & Managing Director |
| Shri Vikram Agarwal | Joint Managing Director      |
| Dr. S. L. Keswani   |                              |
| Shri K. C. Mehra    |                              |
| Dr. Ram K. Vepa     |                              |
| Shri Manish Bahl    |                              |
| Shri Piyoosh Goyal  |                              |
| Shri G. L. Mohta    | Whole - time Director        |
| Shri Vipul Agarwal  | Whole - time Director        |

## **STATUTORY AUDITORS**

Chaturvedi & Partners  
Chartered Accountants

## **BANKER**

Kotak Mahindra Bank

## **COMPANY SECRETARY**

Shri Manoj Agarwal

# **PRAKASH INDUSTRIES LIMITED**

## **REGISTERED OFFICE**

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

## **CORPORATE OFFICE**

SRIVAN  
Bijwasan,  
New Delhi-110 061

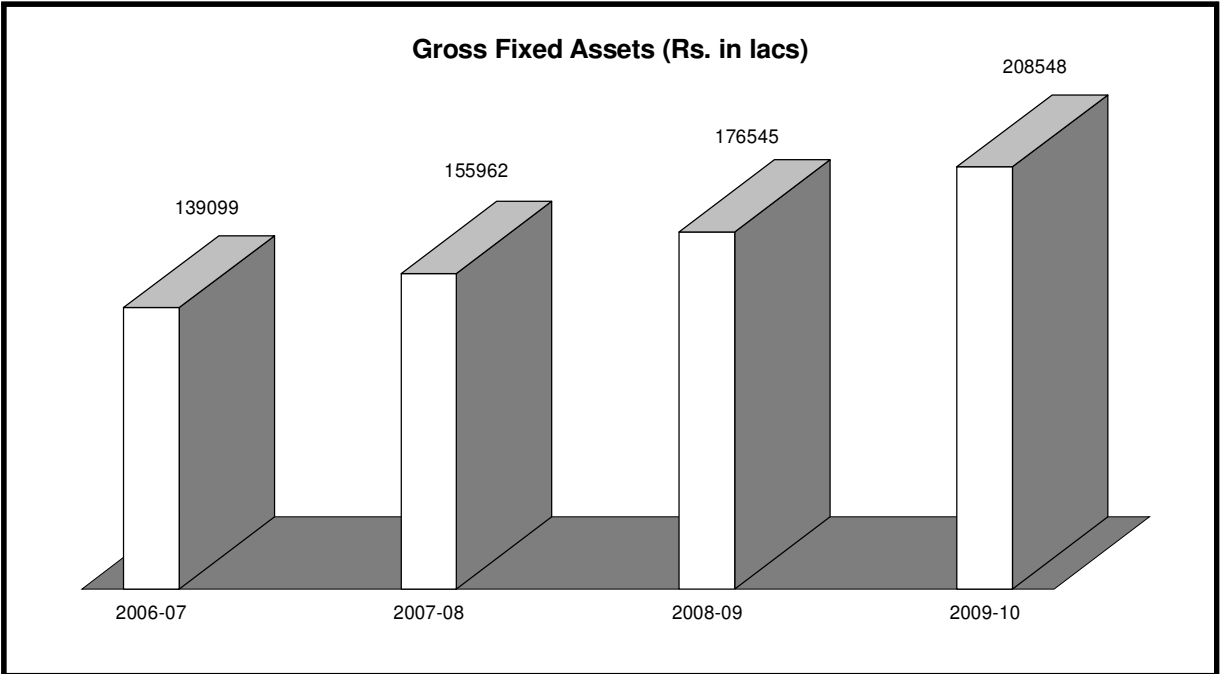
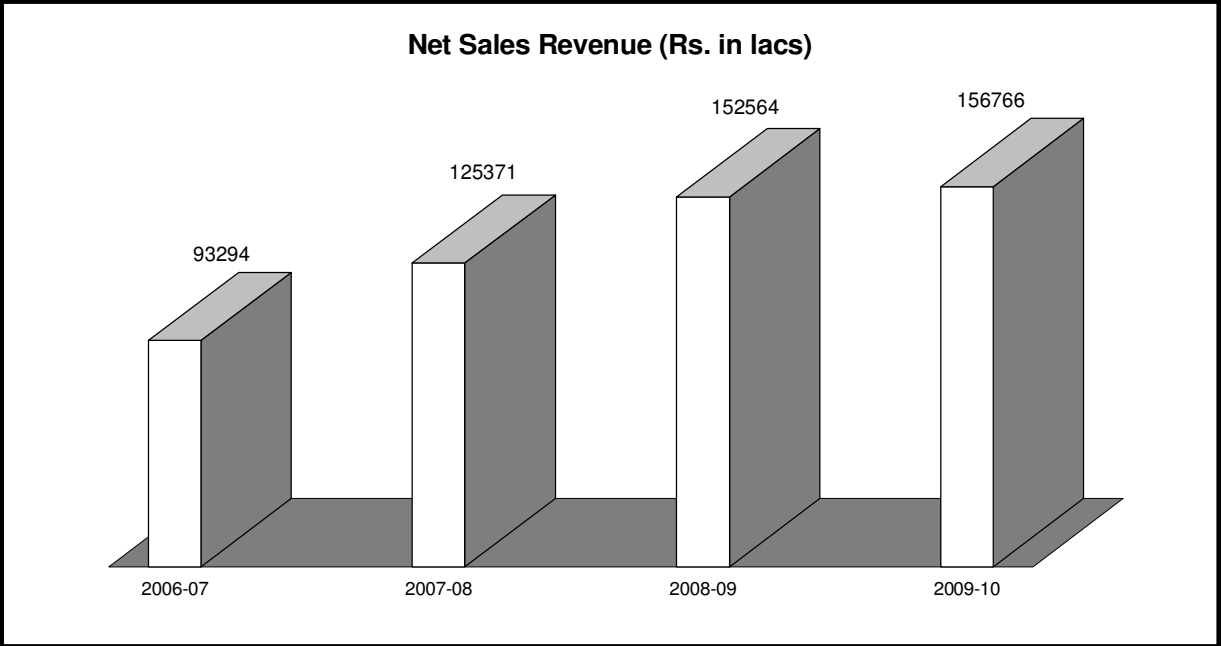
## **WORKS**

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

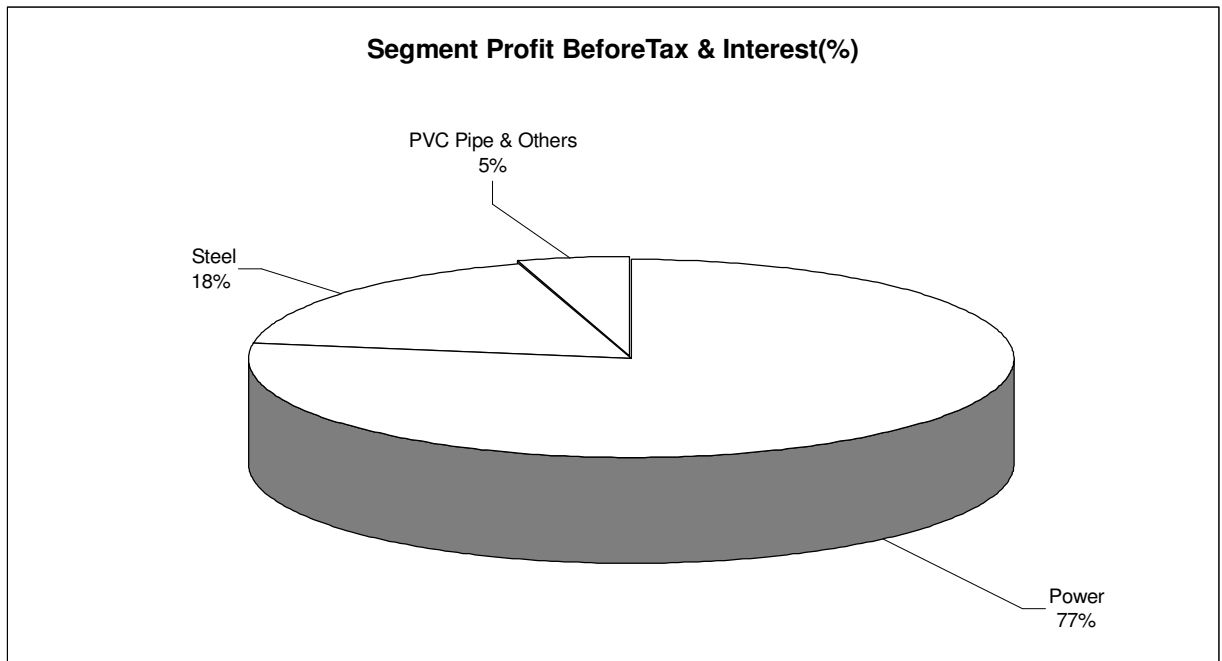
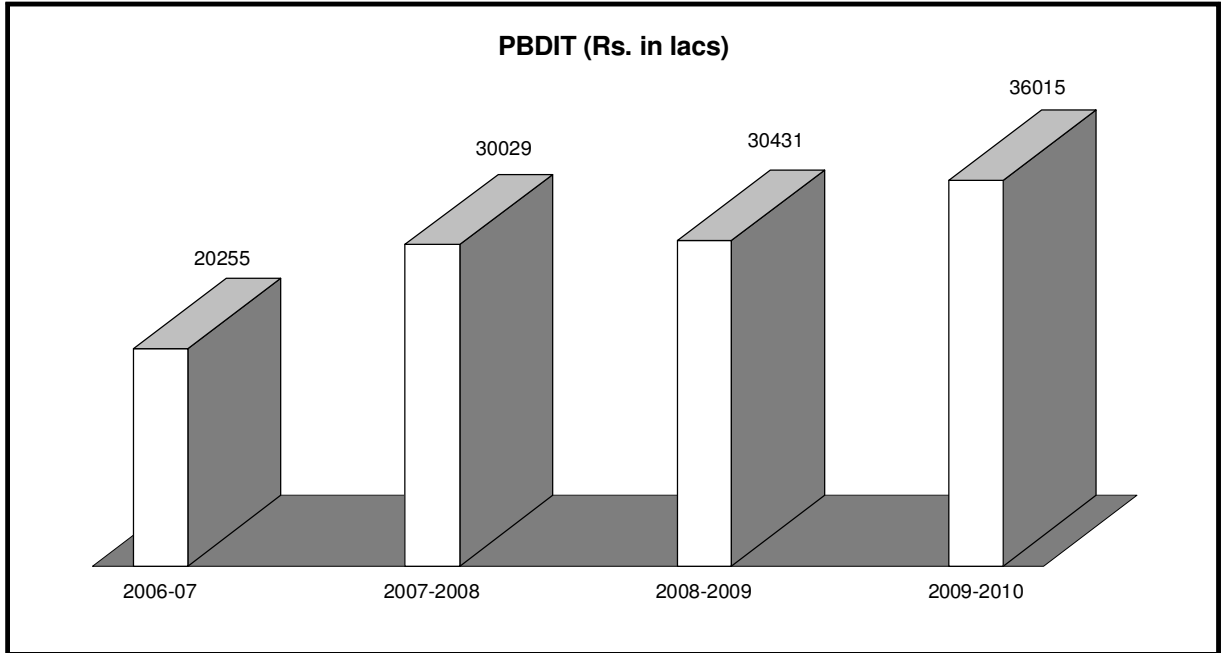
## **WEBSITE**

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

**PRAKASH INDUSTRIES LIMITED**



# PRAKASH INDUSTRIES LIMITED



# Prakash Industries Limited

## NOTICE

NOTICE is hereby given that the 29<sup>th</sup> Annual General Meeting of the Members of Prakash Industries Limited will be held on Saturday, the 14<sup>th</sup> August, 2010 at 12.30 p.m. at the registered office of the Company at 15 Km. Stone, Delhi Road, Hissar-125044 to transact the following business: -

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2010 and Profit and Loss Account for the year ended on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Ram K. Vepa, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri G.L. Mohta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Vipul Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. The term of appointment of M/s Chaturvedi & Partners, Chartered Accountants expire at the conclusion of this general meeting and being eligible offer themselves for re-appointment to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

### SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to section 13, 16 and 94 of the Companies Act, 1956 and all other applicable provisions of the said Act, existing Clause 'V' of the Memorandum of Association of the Company be altered by deletion of the existing Clause 'V' and substituting in place thereof the following New clause as Clause 'V':

V "The Authorised Share Capital of the Company is Rs. 1,70,00,00,000/- (Rupees One Hundred Seventy Crores Only) divided into 17,00,00,000 equity shares of Rs.10/- (Rupees Ten) each.

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

By order of the Board  
For Prakash Industries Limited

Registered Office:  
15 Km. Stone,  
Delhi Road,  
Hissar – 125044 (Haryana)  
Dated : 28th May, 2010

**Manoj Agarwal**  
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 copies of the Annual Reports to the meeting as spare copies will not be available.
4. Register of Members and Share Transfer Books will remain closed from 11<sup>th</sup> August, 2010 to 14<sup>th</sup> August, 2010 (both days inclusive).
5. Members are requested to:
  - i) Quote their Folio/ ID number(s) in all correspondence with the Company.
  - ii) Notify/send immediately to the Company's Registered/Corporate Office:
    - a) Change, if any, in their registered address alongwith Pin Code No.
    - b) For consolidation of their shareholding, if registered in identical names(s) or joint names in identical order in more than one folio, by sending a request letter alongwith relative share certificates.
6. The shares of the Company w.e.f. 26<sup>th</sup> February, 2001 are being traded in DEMAT form only. Those shareholders of the Company who may like to have their shares in demate form may send their shares through their respective DPs for demat.
7. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under section 109A of the Companies Act, 1956 are requested to send the prescribed Form 2B to the Corporate / Registered Office of the Company. The form for the purpose would be made available on demand.
8. **Payment of dividend through Electronic Clearing Service:**  
Members holding shares in physical form are advised to submit particulars of their bank account viz. name and address of the branch of the bank, 9 digit MICR code of branch, type of account and account number to the Company's office at SRIVAN, Najafgarh – Bijwasan Road, Bijwasan, New Delhi– 110061 to update the records.
9. **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. Dr. Vepa has been allotted Director Identification No.00054160.  
Dr. Vepa joined the Board of the Company in the year 1987.  
Dr. Vepa is a retired IAS officer having worked in various capacities in the State and Central Governments. Dr. Vepa 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, 2010 Dr. Vepa is holding 3281 equity shares of Rs.10/- each of Prakash Industries Ltd.

## **PRAKASH INDUSTRIES LIMITED**

**b) Information regarding Shri G.L. Mohta proposed for re-appointment as Director:**

Shri G. L. Mohta, Whole-time Director of the Company retires as Director by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. Shri Mohta has been allotted Director Identification No.00054171.

Shri Mohta joined the Board of the Company in the year 1998.

Shri Mohta is a Chartered Accountant and has a long working experience of over 44 years. He is working as a Whole-time Director of the Company w.e.f. 2nd May, 1998 and because of his vast experience, his re-appointment would be beneficial to the Company.

Shri Mohta is not holding Directorship in any other Company.

As on 31st March, 2010 Shri Mohta is holding 400 equity shares of the Company.

**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. Shri Vipul Agarwal has been allotted Director Identification No.00010147.

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

Shri Agarwal is a Chartered Accountant and has a long working experience of over 28 years. He is working as a Whole-time Director of the Company w.e.f. 18th March, 2000 and because of his vast experience, his re-appointment would be beneficial to the Company.

Shri Agarwal is not holding Directorship in any other Company.

As on 31st March, 2010 Shri Agarwal is not holding any equity shares of the Company.

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

**Item No.6**

The Company has raised funds through issue of Convertible Warrants and Foreign Currency Convertible Bonds (FCCBs) which are required to be converted into equity shares of the Company. The present authorized capital of the Company comprises of both equity and preference share capital. It is proposed to amend the authorized capital clause so as to delete the preference share capital and convert the entire authorised capital to equity share capital to take care of the enhanced equity capital requirement on conversion of bonds / warrants, if any, it is therefore, necessary to amend the existing clause V of the Memorandum of Association of the Company as set out in the Resolution at Item No.6 of the Notice.

None of Directors of the Company is in any way concerned or interested in the proposed 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 : 28th May, 2010

**Manoj Agarwal**  
Company Secretary

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 29<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS

|  | (Rs. in Crores)                                    |  |
|--|--|--|
|  | For the year ended<br>31 <sup>st</sup> March, 2010 | For the year ended<br>31 <sup>st</sup> March, 2009 |
| Net Sales                                | 1,567.66   | 1,525.64   |
| Other Income                             | 3.04   | 3.98   |
| EBIDTA                                   | 360.15   | 304.31   |
| Depreciation                             | 56.79  | 42.48  |
| Financial Expenses                       | 25.49  | 60.50  |
| Expenses Amortised                       | 2.69   | 2.69   |
|  | <u>275.18</u>                                      | <u>198.64</u>                                      |
| Liabilities written back                 | 21.38  | 12.77  |
| Exceptional items                        | <u>(23.31)</u>                                     | <u>6.64</u>  |
| Profit before tax                        | 273.25   | 204.77   |
| Provision for Taxes                      | 7.09   | 0.61   |
| Profit after tax                         | <u>266.16</u>                                      | <u>204.16</u>                                      |
| Balance brought forward                  | 7.00   | 100.44   |
|  | <u>273.16</u>                                      | <u>304.60</u>                                      |
| Transfer to General Reserve              | 260.00   | 280.99   |
| Transfer to Debenture redemption reserve | -  | 16.61  |
| Carried over to next year                | <u>13.16</u>                                       | <u>7.00</u>  |

### PERFORMANCE

During the year under review, the Company has achieved net sales revenue of Rs.1568 crores as against Rs. 1526 crores in the previous year. The profit before depreciation and interest amounted to Rs.360 crores as against Rs.304 crores in the previous year. After providing for interest, depreciation and tax, the net profit of the Company (after exceptional items) stands at Rs.266 crores during the year under review as against Rs. 204 crores in the previous year.

### OPERATIONAL REVIEW

Your Directors have pleasure to inform you that during the year under review the Company has achieved substantial growth with respect to physical performance in the entire chain of its integrated steel operations thereby achieving highest ever capacity utilization levels. This has helped the Company in significantly improving its operating margins despite a drop in the average selling prices during the year.

With its core operational areas being steel, mining and power, the performance of the Company is largely affected by the demand for steel in the country. The global economic crisis which shook the world in the previous year continued to have its after effects in the first half of the current year thereby affecting the demand and margins. However, in the second half of the year under review, the steel prices witnessed upturn, fuelled by revival of demand from higher spending on infrastructure and construction activities which enabled the Company to more than regain the margins which were eroded earlier.

During the year, the Wire Rod Division continued to be the star performer with its exceedingly encouraging performance. The Company successfully implemented its

plan of more than doubling the capacity in the division by adding additional capacity and also balancing the existing one.

The performance of the integrated steel plant of the Company at Champa with capacities for Sponge Iron, Steel Melting, Ferro Alloys and Power Generation has also been satisfactory. During the year, the company has taken a step forward in its objective to achieve complete integration in its entire product range in its steel operations by enhancing capacity in sponge iron division and also expanding its Steel Melting Capacity which has resulted in significant savings in the raw material costs and has also enhanced the self reliance quotient of the Company. The captive Coal Mining Operations performed exceedingly well during the year and the Company has been awarded "Coal India Project Implementation Trophy" by the Mining Geological and Metallurgical Institute of India. This is for the first time that any Company in private sector has been awarded this Trophy. The Rigid PVC Pipe Division continued with improved performance throughout the year on account of firm demand.

### FUTURE PROSPECTS

The Company has already initiated its plan to achieve full integration at all intermediary-product levels throughout its chain of steel operations to cater to the entire requirement of its finished steel segment. This plan is expected to be completed in the next two years.

Further, the Company is making its foray into the power sector in a big way by taking up an ambitious plan to set up 625 MW captive thermal power plant at its existing plant site at Champa. The first phase is expected to be commissioned in the current year and thereafter subsequent phases shall come up in a phased manner in the next three years. The Company is poised to be a major player in the merchant power business in the coming years.

The Company has always felt the need to be self reliant in iron ore supplies. In this direction, with its continuous efforts, it is expected that the Company's iron ore mines both in Chhattisgarh and Orissa will be operational in the current year which shall give a substantial boost to the Company's bottom line.

### ENVIRONMENT AND SOCIAL RESPONSIBILITY

Company believes that an essential component of our corporate social responsibility is to care the community. The Company endeavors to make a positive contribution to the community by supporting a wide range of socio-economic, educational and health initiatives in the surrounding areas by undertaking free medical camps, non formal education programs, maintaining parks, temples, providing regular assistance to primary schools in the form of educational supplies such as computers, sports kits, laboratory apparatus and libraries.

The Company clearly understands its commitment to run an environment friendly and energy efficient business and evolve itself into an environment friendly organization. Recognizing its responsibility towards minimizing its impact on the environment, the Company has extended green activities to support environmentally conscious activities by reducing wastes, emissions and recycling. The Company has undertaken various CDM (Clean Development Mechanism) projects like installation of waste heat recovery boilers and plantation activities. Environmental monitoring is being done on a regular basis to ensure that the environmental parameters are within the prescribed norms of the State Pollution Control Board.

### SHARE CAPITAL

During the year, the Company has issued 62,19,800 equity shares of Rs 10 each at a premium of Rs 160 each pursuant to conversion of Foreign Currency Convertible Bonds.



# **PRAKASH INDUSTRIES LIMITED**

## **CONVERTIBLE WARRANTS**

During the year, the Company has issued 1,00,00,000 warrants on preferential basis convertible into equity shares of Rs. 10 each at a premium of Rs. 71 per share on or before 3<sup>rd</sup> January, 2011.

## **FOREIGN CURRENCY CONVERTIBLE BONDS**

The Company has issued Foreign Currency Convertible Bonds (FCCBs) in two tranches for an amount of Rs. 500 crores. The FCCBs issued in the first tranche in October, 2009 are convertible into equity shares of Rs. 10 each at a premium of Rs. 160 per share and the FCCBs issued in the second tranche in April 2010 are convertible into equity shares of Rs. 10 each at a premium of Rs. 225 per share.

## **DIRECTORS**

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

## **DIVIDEND**

After careful assessment of the funds required by the Company, your Directors have not recommended any dividend for the Financial Year ended 31st March, 2010.

## **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, 2010 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, 2010 on a 'going concern' basis.

## **AUDITORS**

M/s Chaturvedi and Partners, Auditors of the Company, retire at the forth coming 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. 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 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 and should be treated as a part of 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 Analyses 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 with Stock Exchanges is attached and forms part of this Report.

## **ACKNOWLEDGEMENT**

Your Directors take this opportunity to offer their sincere thanks to the various departments of Central and State Governments, Financial Institutions, Banks, Customers and Suppliers for their continued valuable assistance and support.

Your Directors also wish to place on record their sincere appreciation of the dedicated efforts by officers, staff and workers of the Company at all levels.

**By Order of the Board**

Place : New Delhi  
Dated : 28<sup>th</sup> May, 2010

**V. P. Agarwal**  
**Chairman & Managing Director**

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure & Developments

Despite volatility in steel prices throughout the year 2010, the steel industry succeeded to sustain its positive growth momentum on strong fundamentals of domestic demand from construction, automobile and infrastructure sectors with the setting up of a stable government at the centre. The Indian Steel production rose by 4.2% to reach 60 Mn MT in the year 2010 and India emerged as the fifth largest producer of steel in the world. On the consumption front, India's steel consumption rose 8 per cent in the year 2010. The Indian Steel industry is getting all essential ingredients required for dynamic growth. The government is backing the industry through favorable industrial reforms, while the private sector is supporting it with large investments. Going forward, the growth potential for steel industry is huge and industry estimates indicate that the industry will continue to grow reasonably in the coming years with huge demands for steel not only in the infrastructure, airport and metro constructions, automobile, consumer durables and projects but also on account of rapid pace of urbanization, which has emerged as the biggest growth driver for steel in most of the growing economies globally.

### Opportunities and Threats

Indian Steel Industry, which has emerged as the 5<sup>th</sup> largest steel producer in the world, accounts for only 5% of the global steel consumption. The steel consumption in India is expected to grow significantly in the coming years since per capita finished steel consumption is far less from that of its regional counterparts. It is noteworthy that per capita steel consumption in India is still around 40 Kg as compared to 100 Kg in Brazil, 250 Kg in China and a world average of 198 Kg. Thus, the country has huge scope for increasing its steel consumption and it is expected that the consumption shall continue to grow fuelled by demand for mega construction projects, infrastructure investments, housing, automotive, consumer durables, etc. The government is also lending its full support to the steel sector. This is clear from the recently presented 2010 budget, in which the government has decided to increase the outlay on urban development and housing and additional outlay for rural infrastructure has also been announced which is being seen as a major booster for domestic steel companies. Further, continuing liberalization of various sectors including roads, power as well as possible entry of private players in nuclear power and water will also spur the steel demand.

Despite the strong growth potential for the steel industry, the imbalances and uncertainties in availabilities of the key raw materials like iron ore continue to remain in the backdrop. Although India is endowed with rich and abundant iron ore reserves of approx. 13 billion tonnes, its high volume exports to China and other countries, which has earned it third position in the tally of global exporters of iron ore, have aggravated the situation for the domestic steel manufacturers, which have been constantly feeling the brunt of short supplies and spiraling ore prices. Your Company's farsighted approach had timely identified this issue and accordingly secured itself against the market vagaries of iron ore and coal by securing captive coal and iron ore mines.

### Segment Wise / Product Wise Performance / Outlook

The performance of the Integrated Steel & Power operations of the Company comprising production of Sponge Iron, Mild Steel, Wire Rod, TMT Bars, Structural, Ferro Alloys, Power Generation and Coal Mining has been satisfactory during the year. Wire Rod Division, which had witnessed capacity expansion of more than double, continued to

be the star performer on account of robust market demand, thereby contributing significantly to the bottom line. TMT Bar, a new addition to the Company's product line also got good market response and acceptability. Apart from Steel, Power and Mining, the Company is also engaged in manufacture of Rigid PVC Pipes, which also continued to outperform on account of sustained demand.

### Risks and Concerns

The Company's management strongly feels that timely identification of the probable risks is the key to minimizing the losses that may arise therefrom. As such, the Company's management, as a routine exercise, has been making the assessment of the risks and concerns that may be faced by the Company. The management apprehends that since the steel industry is cyclic in nature, there may be a downturn in the industry which may affect the performance of the Company. However in view of the positive growth forecasts and bearing in mind the integrated operations of the Company and its foray into the power sector in a big way, no potential risk is envisaged.

Another area of concern is the inadequate supply of the basic key input i.e. iron ore, due to which the iron ore prices have been witnessing high level volatility resulting in unstable steel margins. However, the timely efforts of the management to secure captive iron ore mines have taken care of this unease. The mines are likely to be operational in the current financial year, subsequent to which the company's operations shall become optimally integrated.

### Internal Control System and their Adequacy

Internal Control is a system aimed at providing reasonable assurance that the financial information is reliable, legal regulations and internal rules are respected, the company's main processes operate efficiently and the company's objectives are achieved. The Company has adequate system of internal controls and checks and balances to ensure that its assets are safeguarded and protected against loss from unauthorized use and adequate documentation of all policies, guidelines, authorities and approval procedures relating to vital functions. Necessary quality control systems and procedures have been established to ensure that the Company's control systems are adequately followed and all statutory requirements are complied with. The strength of these systems is continuously being monitored by the internal auditors and the findings of these audits are reported to the Audit Committee of the Board and also to the Board of Directors. The adequacy of the internal control system has also been examined by the statutory auditors and the auditors have not given any adverse comments on the adequacy of internal control system.

### Human Resources / Industrial Relations

Your Company has never undermined the importance of the human resources and has always considered them as an important valuable asset for the organisation. With this view, it is constantly striving to attract, recruit and retain the best talents available to meet the current and future needs. The Company has taken necessary steps to upgrade the skills of present employees by conducting various in-house training programs and courses for updating the manufacturing techniques and processes. Further, safety of the employees has also been an area of great concern to the Company for which regular safety training programs and mock drills are conducted. During the year under review the employee / industrial relations at all units remained cordial and the moral of the employees remained high.

# PRAKASH INDUSTRIES LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company firmly believes that good Corporate Governance is essential for sustainable growth for the benefit of stakeholders and society. The adoption of such corporate practice ensures accountability of the persons incharge of the Company. The Company believes in transparency, accountability, fairness, professionalism and social responsiveness. The philosophy of the Company in relation to corporate governance is based on the principles of equity, fairness and honest communication; making appropriate disclosures and compliance with laws and regulations. We believe that sound corporate governance is necessary to retain the trust of shareholders, employees and business associates and the endeavours are to improve on these aspects on an ongoing basis.

### 2. BOARD OF DIRECTORS

#### i) Composition

The Company has a broad based Board consisting of nine Directors headed by an Executive Chairman who is also the Managing Director of the Company. There is one Joint Managing Director and two Whole Time Directors besides five Non-Executive Independent Directors. The size and composition of the Board therefore conforms with the requirements of the Listing Agreements with the Stock Exchanges. The Board comprises of eminent persons with considerable professional experience in varied fields.

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

#### ii) Attendance of each Director at the Board meetings & last Annual General Meeting during the year 2009-10 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<br>Chairman & Managing Director<br>DIN No.00048907 | Executive<br>Promoter        | 6                              | No                | -  | 1        | -   | -      |
| 2.    | Sh. Vikram Agarwal<br>Joint Managing Director<br>DIN No.00054125  | Executive<br>Promoter        | 6                              | Yes               | -  | 6        | -   | -      |
| 3.    | Dr. S.L. Keswani<br>DIN No.00190790                               | Non-executive<br>Independent | 6                              | Yes               | -  | 9        | -   | 2      |
| 4.    | Dr. Ram K. Vepa<br>DIN No.00054160                                | Non-executive<br>Independent | 6                              | No                | -  | -        | -   | -      |
| 5.    | Sh.K.C. Mehra<br>DIN No.00128733                                  | Non-executive<br>Independent | 4                              | No                | -  | 2        | 2   | -      |
| 6.    | Sh.Manish Bahl<br>DIN No.00054196                                 | Non-executive<br>Independent | 6                              | No                | -  | -        | -   | -      |
| 7.    | Sh.Piyooash Goyal *<br>DIN No.00113772                            | Non-executive<br>Independent | 4                              | No                | -  | 9        | -   | -      |
| 8.    | Sh.G.L.Mohta<br>DIN No.00054171                                   | Executive                    | 6                              | Yes               | -  | -        | -   | -      |
| 9.    | Sh. Vipul Agarwal<br>DIN No.00010147                              | Executive                    | 6                              | Yes               | -  | -        | -   | -      |
| 10.   | Sh. D. Singh *<br>DIN No.01018678                                 | Executive                    | 4                              | No                | -  | -        | -   | -      |

\* Shri Piyooash Goyal and Shri D. Singh were appointed as Directors w.e.f. 28th May, 2009. Shri D. Singh resigned w.e.f. 16th November, 2009

## PRAKASH INDUSTRIES LIMITED

### iii) Pecuniary Relationship

Independent Directors viz. Dr. S. L. Keswani, Dr. Ram K. Vepa, Sh. K. C. Mehra, Shri Manish Bahl and Shri Piyooosh 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 2009-2010 six Board Meetings were held on 28<sup>th</sup> May, 2009, 4<sup>th</sup> July, 2009, 18<sup>th</sup> July, 2009, 1<sup>st</sup> October, 2009, 20<sup>th</sup> October, 2009 and 28<sup>th</sup> January, 2010. 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     | 28.05.2009            | 10             | 10                       |
| 2     | 04.07.2009            | 10             | 8                        |
| 3     | 18.07.2009            | 10             | 10                       |
| 4     | 01.10.2009            | 10             | 8                        |
| 5     | 20.10.2009            | 10             | 9                        |
| 6     | 28.01.2010            | 9              | 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 292 A of the Companies Act, 1956.

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

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

The Audit Committee met four times during the year 2009-10 on 28<sup>th</sup> May, 2009, 18<sup>th</sup> July, 2009, 20<sup>th</sup> October, 2009 and 28<sup>th</sup> January, 2010 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, Whole-time Directors and President (Corporate Accounts) 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 terms of reference of Remuneration Committee cover the matters specified for the said Committee under clause 49 of the Listing Agreement.

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

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

During the year two meetings were held on 28<sup>th</sup> May, 2009 and 4<sup>th</sup> July, 2009 wherein the remuneration of Shri Vikram Agarwal, Joint Managing Director and Shri V.P. Agarwal, Chairman and Managing Director was considered and recommended to the Board.

##### ii) Details of remuneration / sitting fee paid to Directors for the period from 1st April, 2009 to 31st March, 2010:

| S.No. | Name of Director                               | Salary | Perquisites | (Rs. in Lacs) |
|-------|--|--------|-------------|---------------|
|       |  |        |             | Sitting Fee   |
| 1.    | Sh.V.P. Agarwal<br>(Managing Director)         | 120.00 | 14.40       | N.A.          |
| 2.    | Sh.Vikram Agarwal<br>(Joint Managing Director) | 9.00   | 1.08        | N.A.          |
| 3.    | Dr.S.L.Keswani                                 | Nil    | Nil         | 3.15          |
| 4.    | Dr.Ram K.Vepa                                  | Nil    | Nil         | 2.90          |
| 5.    | Sh.K.C.Mehra                                   | Nil    | Nil         | 2.15          |
| 6.    | Sh.Manish Bahl                                 | Nil    | Nil         | 2.60          |
| 7.    | Sh.Piyooosh Goyal                              | Nil    | Nil         | 0.60          |
| 8.    | Sh.G.L.Mohta<br>(Whole time Director)          | 21.00  | 6.87        | N.A.          |
| 9.    | Sh.Vipul Agarwal<br>(Whole time Director)      | 21.00  | 6.87        | N.A.          |
| 10.   | Sh.D. Singh*<br>(Whole time Director)          | 11.60  | 4.27        | N.A.          |

\* Shri D. Singh resigned from the Board w.e.f. 16th November, 2009.

##### iii) Details of Service Contracts of Directors:

| S. No. | Name of Director    | Period of Contract | Date of Re-appointment | Notice Period |
|--------|---------------------|--------------------|------------------------|---------------|
| 1.     | Shri V.P. Agarwal   | 3 years            | 01.04.2008             | Nil           |
| 2.     | Shri G.L. Mohta     | 3 years            | 01.04.2008             | One month     |
| 3.     | Shri Vipul Agarwal  | 3 years            | 01.04.2008             | One month     |
| 4.     | Shri Vikram Agarwal | 3 years            | 01.02.2009             | Nil           |

##### iv) Details of shareholding of non-executive Directors in the Company as on 31<sup>st</sup> March, 2010 :

| S.No. | Name of Director    | No. of shares held |
|-------|---------------------|--------------------|
| 1.    | Dr. S.L. Keswani    | 10000              |
| 2.    | Dr. Ram K. Vepa     | 3281               |
| 3.    | Shri K.C. Mehra     | Nil                |
| 4.    | Shri Manish Bahl    | 1750               |
| 5.    | Shri Piyooosh Goyal | Nil                |

#### c) 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 subdivision of share, etc.

## PRAKASH INDUSTRIES LIMITED

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

The Company complies with requirements of the listing agreements and those of Depositories with respect to transfer of shares. The requisite certificates are sent to the transferees within the prescribed time.

### Compliance Officer:

As required by the Stock Exchanges, the Company has appointed Shri Manoj Agarwal, Company Secretary of the Company as Compliance Officer to monitor the transfer process and liaison with the regulatory authorities.

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

The Board has also constituted a shareholders/investors grievances committee. The Committee has the mandate to review and redress shareholders/investors grievances. The Committee met four times during the year 2009-10 on 25<sup>th</sup> April, 2009, 4<sup>th</sup> July, 2009, 10<sup>th</sup> October, 2009 and 16<sup>th</sup> January, 2010 and attendance of members at the meeting was as follows:

| S.No. | Name of Director                                   | Status                                    | Meetings Attended |
|-------|--|---|-------------------|
| 1.    | Dr. S.L.Keswani<br>(Non-executive and independent) | Chairman                                  | 4                 |
| 2.    | Dr. Ram K.Vepa<br>(Non-executive and independent)  | Member                                    | 4                 |
| 3.    | Sh. V.P. Agarwal<br>(Executive)                    | Member                                    | 4                 |
|       | Compliance Officer                                 | : Shri Manoj Agarwal<br>Company Secretary |                   |

No. of shareholders/ investors complaints received upto 31<sup>st</sup> March, 2010 : 26

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

No. of pending complaints : Nil

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

#### e) 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 as the Chairman of the Allotment Committee and Shri K.C. Mehra, Dr. Ram K. Vepa and Shri Manish Bahl (independent and non-executive Directors) as members of the Allotment Committee of the Board of Directors.

The Committee met six times during the year 2009-10 on 12th October, 2009, 5th December, 2009, 15th January, 2010, 16th January, 2010, 27th February, 2010 and 27th March, 2010 and attendance of members at the meetings was as follows:

| S.No. | Name of Director | Status   | Meetings Attended |
|-------|------------------|----------|-------------------|
| 1.    | Dr. S.L.Keswani  | Chairman | 6                 |
| 2.    | Sh K.C. Mehra    | Member   | 6                 |
| 3.    | Dr. Ram K. Vepa  | Member   | 6                 |
| 4.    | Sh. Manish Bahl  | Member   | 6                 |

#### 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 code is to conduct the business of the Company in honest and ethical manner in compliance with applicable laws. The Code of Conduct has been posted on website of the Company. All the Board members and Senior Management personnel including functional heads of the Company have affirmed compliance with the Code of Conduct. A declaration signed by the Chairman and 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 2009-10"*

Place : New Delhi

V.P. Agarwal

Date : 28<sup>th</sup> May, 2010

Chairman and Managing Director

#### 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   |
|-----------|--------------------------|---|
| 2008-2009 | 01.08.2009 at 12.30 p.m. | - Issue of ADRs /GDRs, FCCBs and other equity linked instruments<br>- Increasing the limit of shareholding of FILs<br>- Revising the remuneration of Chairman and Managing Director |
| 2007-2008 | 27.09.2008 at 12.30 p.m. | Nil   |
| 2006-2007 | 05.09.2007 at 12.30 p.m. | Issue of warrants convertible into equity shares  |

No special resolution was passed through postal ballot during the year under review.

#### 6. DISCLOSURES

- During the year, the Company has not entered into any transaction of material nature with any of the related parties which were in conflict with the interest of the Company.
- During the last three years, there were no strictures made or penalties imposed by either SEBI or the Stock Exchanges or any other statutory authorities on any matter relating to the 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. Non-mandatory requirement relating to Remuneration Committee and whistle Blower Policy have also been adopted by the Company.

#### 7. MEANS OF COMMUNICATIONS

Quarterly / half yearly and annual results of the performance of the Company are published in English and Hindi language newspapers. The

## PRAKASH INDUSTRIES LIMITED

results are sent to the Stock Exchanges on which the Company is listed in the prescribed format so as to enable the respective stock exchanges to put the same on their own website. These are also displayed on the Company's Website viz. www.prakash.com. The Notice of AGM along with the Annual Report is sent to the shareholders well in advance of the AGM. The stock exchanges are notified of any important developments.

### The quarterly results were announced on:

- |                                |                    |
|--------------------------------|--------------------|
| i) First Quarter (Unaudited)   | 18th July, 2009    |
| ii) Second Quarter (Unaudited) | 20th October, 2009 |
| iii) Third Quarter (Unaudited) | 28th January, 2010 |
| iv) Fourth Quarter (Audited)   | 28th May, 2010     |

**"Management Discussion & Analysis" report which forms part of the annual Report is given by means of a separate Annexure and is attached to the Directors' Report**

### 8. GENERAL SHAREHOLDERS' INFORMATION

#### a) Annual General Meeting:

- |             |   |
|-------------|---|
| Date & Time | 14 <sup>th</sup> August, 2010 at 12.30 p.m. |
| Venue       | 15 Km. Stone, Delhi Road, Hissar-125044     |

#### b) Financial Calendar:

- |                |   |
|----------------|---|
| Financial Year | 1 <sup>st</sup> April to 31 <sup>st</sup> March |
|----------------|---|

#### c) Book Closure :

- |   |
|---|
| 11 <sup>th</sup> August, 2010 to 14 <sup>th</sup> August, 2010<br>(both days inclusive) |
|---|

#### d) Stock Exchanges where listed:

##### i) Equity Shares

| S.No.                               | Name of the Stock Exchange            | Stock Code          |
|-------------------------------------|---------------------------------------|---------------------|
| 1.                                  | Bombay Stock Exchange Ltd.            | 506022              |
| 2.                                  | National Stock Exchange of India Ltd. | PRAKASH             |
| <b>ISIN No. for equity shares :</b> |                                       | <b>INE603A01013</b> |

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

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

**ISIN No. for FCCBs : XS0458122602 and XS0505342864**

#### e) Market Price Data :

Market price of Company's Equity Share of Rs.10/- each during the year from April, 2009 to March, 2010 at Bombay Stock Exchange (BSE) and National Stock Exchanges (NSE) are given below:

(Rs.)

| Month           | BSE     |        | NSE     |        |
|-----------------|---------|--------|---------|--------|
|                 | Highest | Lowest | Highest | Lowest |
| April, 2009     | 73.40   | 46.25  | 73.30   | 45.95  |
| May, 2009       | 113.95  | 63.00  | 114.40  | 63.60  |
| June, 2009      | 136.40  | 93.55  | 136.60  | 94.50  |
| July, 2009      | 133.55  | 99.50  | 133.90  | 99.20  |
| August, 2009    | 154.40  | 114.00 | 154.00  | 104.40 |
| September, 2009 | 166.00  | 138.10 | 165.70  | 140.30 |
| October, 2009   | 163.70  | 130.00 | 168.00  | 129.90 |
| November, 2009  | 153.50  | 130.00 | 154.00  | 130.00 |
| December, 2009  | 209.70  | 144.00 | 209.90  | 143.50 |
| January, 2010   | 231.90  | 178.20 | 230.50  | 178.40 |
| February, 2010  | 227.00  | 188.85 | 227.90  | 188.45 |
| March, 2010     | 240.90  | 201.50 | 240.00  | 201.30 |

#### f) Distribution of Shareholding (as on 31st March, 2010)

| No. of Equity Shares held | No. of Share Holders | % of Share Holders | No. of Shares    | % of Share Holding |
|---------------------------|----------------------|--------------------|------------------|--------------------|
| Upto 5000                 | 38666                | 89.34              | 6304796          | 5.18               |
| 5001 - 10000              | 2375                 | 5.49               | 1856253          | 1.52               |
| 10001 - 20000             | 957                  | 2.21               | 1434510          | 1.18               |
| 20001 - 30000             | 355                  | 0.82               | 901358           | 0.74               |
| 30001 - 40000             | 154                  | 0.35               | 554597           | 0.46               |
| 40001 - 50000             | 123                  | 0.28               | 592425           | 0.49               |
| 50001 - 100000            | 254                  | 0.59               | 1882479          | 1.55               |
| 100001 - above            | 397                  | 0.92               | 108167296        | 88.88              |
| <b>Total</b>              | <b>43281</b>         | <b>100.00</b>      | <b>121693714</b> | <b>100.00</b>      |

#### g) Shareholding Pattern (as on 31st March, 2010)

| Category                        | No. of Shares    | % of Shares Holding |
|---------------------------------|------------------|---------------------|
| Promoters & Promoter Group      | 63025777         | 51.79               |
| Mutual Fund / UTI               | 5183574          | 4.26                |
| Financial Institutions / Banks  | 5310             | 0.00                |
| Insurance Companies             | 739666           | 0.61                |
| Foreign Institutional Investors | 21073433         | 17.32               |
| Bodies Corporate                | 14414884         | 11.85               |
| NRIs/OBCs                       | 247999           | 0.20                |
| Public (Individuals)            | 17003071         | 13.97               |
| <b>Total</b>                    | <b>121693714</b> | <b>100.00</b>       |

#### h) 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).

#### i) 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.

#### j) Dematerialisation of Shares :

The Company's shares are compulsorily traded in DEMAT form w.e.f. 26<sup>th</sup> February, 2001. The Company has arrangements with both National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and established electronic connectivity of shares for scripless trading. As on 31<sup>st</sup> March, 2009; 89.12% of Equity Shares of the Company were held in dematerialized form.

#### k) Listing Fee :

The Company has paid the listing fees upto the year 2010-11 of the Bombay and National Stock Exchanges where the shares of the Company are being traded.

The Company has also paid the listing fees upto the year 2010-11 of the Singapore Exchange Securities Trading Limited where the FCCBs of the Company are being traded.

#### l) Outstanding Warrants Convertible in to equity shares

Company had issued 1,00,00,000 warrants on 4th July, 2009 convertible into equity shares of Rs.10 each @ Rs.81 to be converted in the ratio of one share for each warrant on or before 3rd January, 2011. On conversion the equity capital would stand increased by Rs. 10 crores.

#### m) Outstanding Foreign Currency Convertible Bonds (FCCBs)

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

## PRAKASH INDUSTRIES LIMITED

The position of outstanding FCCBs as on 28th May, 2010 is as under:

| Issued on  | Outstanding FCCBs | 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 Rs.4.69 crores

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

**n) Plant Locations :**

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

**o) Address for Correspondence and for Share Transfer and related matters:**

**Prakash Industries Ltd.**

SRIVAN,  
Bijwasan,  
New Delhi – 110061.

**Ph. : (011) - 28062115, 28063838**

**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.

### 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 31<sup>st</sup> March, 2010 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 : 28<sup>th</sup> May, 2010

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

**ANNEXURES OF THE DIRECTORS' REPORT**

**ANNEXURE "A" FORMING PART OF THE DIRECTORS' REPORT**

**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, 2010.**

| Sr. No.  | Name             | Age (Years) | Qualifications   | Experience (Years) | Designation/ Nature of Duties | Remuneration (Rs.) | Date of Commencement of Employment | Particulars of last Employment |
|--|------------------|-------------|------------------|--------------------|-------------------------------|--------------------|------------------------------------|--------------------------------|
| <b>A. Employed throughout the financial year under review and were in receipt of remuneration for the year in aggregate not less than Rs 24,00,000/- per annum :</b>                                       |                  |             |                  |                    |                               |                    |                                    |                                |
| 1.   | Sh.V.P.Agarwal   | 54          | B.Com.           | 31                 | Chairman & Managing Director  | 1,34,40,000        | 01.01.1981                         | Surya Roshini Limited          |
| 2.   | Sh.G.L. Mohta    | 66          | F.C.A.           | 44                 | Whole Time Director           | 27,86,999          | 02.05.1998                         | Siddhartha Spin Fab. Ltd.      |
| 3.   | Sh.Vipul Agarwal | 53          | F.C.A..          | 28                 | Whole Time Director           | 27,87,000          | 16.03.1998                         | Bharti Telenet Ltd.            |
| <b>B. Employed for a part of the financial year under review and were in receipt of remuneration for any part of the year at a rate which in the aggregate was not less than Rs.2,00,000/- per month :</b> |                  |             |                  |                    |                               |                    |                                    |                                |
| 1.   | Sh.D.Singh       | 67          | B.S.C.Engg(Met.) | 43                 | Whole Time Director           | 15,87,087          | 28.05.2009                         | Jaiswal Neco Ltd.              |

**ANNEXURE "B" FORMING PART OF THE DIRECTORS' REPORT**

**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, 2010.**

**CONSERVATION OF ENERGY**

Your company is highly energy conscious and committed to conserve energy at all possible levels. Your Company has always emphasized on the implementation of best practices of energy conservation and is committed to work for effective utilization of all types of energy in synchronization with the company's energy policy, which is achieved through taking specific objective of energy conservation through process /equipment modification, using latest technology, regular monitoring of energy consumption, converting waste as resource, benchmarking the energy consumption norms and adherence to statutory requirements. With its sustained efforts and adoption of quality improvement projects for energy conservation, it has been able to achieve significant overall improvement in all the energy parameters including reduction in heat consumption at all production units and increasing waste heat recovery.

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

|  | Steel Ingot/Billets Division |           | Steel Rolling Mill Division |           | Wire Rod Mill Division |           |
|--|------------------------------|-----------|-----------------------------|-----------|------------------------|-----------|
|  | 2009-2010                    | 2008-2009 | 2009-2010                   | 2008-2009 | 2009-2010              | 2008-2009 |
| <b>(A) Power and Fuel Consumption</b>                              |                              |           |                             |           |                        |           |
| <b>1.Electricity Purchased*</b>                                    |                              |           |                             |           |                        |           |
| Units in Lacs  | 704                          | 499       | 69                          | 77        | 521                    | 298       |
| Total Amount (Rs./Lacs)  | 2,621                        | 2,081     | 281                         | 247       | 1652                   | 985       |
| Rate/Unit (Rs.)  | 3.72                         | 4.17      | 4.07                        | 3.21      | 3.17                   | 3.30      |
| * excluding transfer of power from the Power plant of the Company. |                              |           |                             |           |                        |           |
| <b>2. Furnace Oil</b>  |                              |           |                             |           |                        |           |
| Quantity (K.Ltrs.)   | 288                          | 171       | 1,773                       | 2,528     | 3,786                  | 4,306     |
| Total Amount (Rs./Lacs)  | 73                           | 43        | 390                         | 633       | 871                    | 1,062     |
| Average Rate (Rs.)   | 25,329                       | 25,146    | 24,977                      | 25,039    | 25,004                 | 24,663    |



# PRAKASH INDUSTRIES LIMITED

## (B) Consumption per unit of production

| Product           |       | Steel Ingot/Billets Division |           | Steel Rolling Mill Division |           | Wire Rod Mill Division |           |
|-------------------|-------|------------------------------|-----------|-----------------------------|-----------|------------------------|-----------|
|                   |       | 2009-2010                    | 2008-2009 | 2009-2010                   | 2008-2009 | 2009-2010              | 2008-2009 |
| Electricity (KWH) | Units | 857                          | 879       | 97                          | 64        | 129                    | 143       |
| Furnace Oil       | Ltrs. | 0.57                         | 0.38      | 25                          | 21        | 9                      | 21        |

## TECHNOLOGY ABSORPTION

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

- a) **Specific areas in which R&D carried out by the Company:** The major objective of the R&D projects is to explore the ways through which cost could be minimized, quality can be improvised and value can be added to the products of a company. Company has been constantly focusing and striving to achieve these objectives to the extent possible. With its focused approach, it has been able to:
- develop counter measures to combat accretion in kilns thereby increasing the campaign life of the kilns and increasing the productive period of the kilns.
  - reduce failure of air tubes during operations
  - improve the refractory strength in the kilns
- b) **Benefits derived as a result of the above R&D :** Reduction in cost and improvement in quality, yield and raw material efficiency.
- c) **Future Plan of Action :** Company has also started World Class Manufacturing (WCM) Cell and has taken up some of the important cost saving / quality improvement projects as WCM projects. The methodology of WCM projects is designed to work from root cause analysis to final achievement of goals through various analysis tools. All the concerned departmental heads and their technical teams are motivated by the management to come forward with these WCM projects and all best efforts are put to achieve the defined targets.
- d) **Expenditure on R&D:** Expenditure on R&D has been charged under 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. Major factor found in this area is about overstaying of accretion inside kiln which becomes metallic after some age. SL/RN technology very clearly emphasizes on raw material selection and sizing for sponge iron making. For the fact that specified raw material are either costly or are scarce, some innovative steps were taken to combat the obstacles technically. Additional process adoption was done in this regard.
- b) **Benefits derived as a result of the above efforts:** Higher production achieved in Sponge Iron Kilns.
- c) **Particulars of Technology Imported during last 5 years :**
- | Technology Imported | Year of Import | Has Technology been fully absorbed. |
|---------------------|----------------|-------------------------------------|
| Nil                 | Nil            | Nil                                 |

## FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) **Activities relating to Exports and Export Plans:** The Company is exporting iron ore fines and is making continues efforts to increase the volumes.
- b) **Total foreign exchange used and earned:**

|                             | This Year<br>(Rs. in lacs) | Previous Year<br>(Rs. in lacs) |
|-----------------------------|----------------------------|--------------------------------|
| i) Foreign exchange used    | 1,667                      | 89                             |
| ii) Foreign exchange earned | -                          | 225                            |

**AUDITORS' REPORT**

To,  
The Members of  
PRAKASH INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Prakash Industries Ltd. as at 31st March, 2010 and the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted audit in accordance with Auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Government of India in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we annex here to a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. *As stated in Note No.6, 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. 694.28 lacs;*
5. *As stated in Note No.1(l)(ii), set off of MAT credit entitlement is subject to availability of taxable income of the Company in future, as per the provisions of the Income Tax Act, 1961.*
6. Subject to the comments in the annexure referred to in Paragraph 3 above, we report that –
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts 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 Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) *Subject to our comments in above para 4, in our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.*
  - e) On the basis of written representations received from the Directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

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

    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
    - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

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

Place : New Delhi  
Dated : 28<sup>th</sup> May, 2010

**(L.N. Jain)**  
**Partner**

## PRAKASH INDUSTRIES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF PRAKASH INDUSTRIES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010.

1. (a) The Company is maintaining proper records showing all particulars including quantitative details and situation of fixed assets.
- (b) 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 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 such disposal has, in our opinion, not affected the going concern status of the Company.
2. (a) The inventory, except stock in transit or lying with third parties has been physically verified by the management during the year. For stocks lying with 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 and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to 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 loans, 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 adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct any major weakness 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 Act.

6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of the provisions of sections 58A and 58AA of the Companies Act, 1956. As per the information and explanations given to us, the Company Law Board has passed no order under the aforesaid sections on the Company.
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 broadly reviewed the books of account maintained by the Company pursuant to the order and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of such accounts and records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the company examined by us, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, 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.
- (b) According to the information and explanations given to us, there are following statutory dues which have not been deposited by the Company on account of dispute with the concerned authorities and same is being contested by the Company:-

| Nature of the dues | Amount (Rs. in lacs) | Forum where the dispute is pending      |
|--------------------|----------------------|---|
| Excise Duty        | 6.29                 | Appellate Authority- Dy. Commissioner   |
|                    | 0.11                 | Appellate Authority- Asst. Commissioner |
|                    | 6.15                 | Appellate Authority- Asst. Commissioner |
|                    | 33.94                | CESTAT, New Delhi                       |
|                    | 5.09                 | Appellate Authority- Jt. Commissioner   |
|                    | 28.56                | Appellate Authority- Commissioner       |
| Energy Cess        | 423.00               | Supreme Court of India                  |

## **PRAKASH INDUSTRIES LIMITED**

10. The Company has no accumulated losses as at 31st March, 2010. The Company has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders during the year.
12. According to the information and explanations given to us, the Company has not granted 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/ societies are not applicable to the Company.
14. 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 have been held by the Company 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. According to the information and explanations given to us, the term loans taken by the Company during the year have been applied for the purpose for which they were obtained.
17. Based on the information and explanations given to us and on an overall examination of Balance Sheet of the Company, the Company has not raised any funds on short-term basis, which have been used for long-term investment.
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 Act.
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 issues during the year under review.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

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

Place : New Delhi  
Dated : 28<sup>th</sup> May, 2010

**(L.N. Jain)**  
**Partner**

# PRAKASH INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

|  | Schedule | As at 31st March, 2010 |                               | As at 31st March, 2009 |                        |
|--|----------|------------------------|-------------------------------|------------------------|------------------------|
|  |          | Rs.                    | Rs.                           | Rs.                    | Rs.                    |
| <b>SOURCES OF FUNDS</b>                                      |          |                        |                               |                        |                        |
| <b>Shareholders' Funds :</b>                                 |          |                        |                               |                        |                        |
| Share Capital  | 1        | 1,21,69,37,140         |                               | 1,15,47,39,140         |                        |
| Equity Share Warrants  |          | 65,18,35,000           |                               | 21,37,50,000           |                        |
| Reserves & Surplus   | 2        | <u>12,43,92,33,163</u> | <b>14,30,80,05,303</b>        | <u>9,13,66,60,548</u>  | 10,50,51,49,688        |
| <b>Loan Funds :</b>  |          |                        |                               |                        |                        |
| Secured Loans  | 3        | 1,02,97,58,020         |                               | 2,59,30,41,875         |                        |
| Unsecured Loans  |          | <u>1,27,16,34,000</u>  | <b>2,30,13,92,020</b>         | -                      | 2,59,30,41,875         |
| <b>Deferred Tax Liabilities (Net)</b>                        |          |                        | <u>77,18,34,432</u>           |                        | <u>70,24,06,032</u>    |
|  |          |                        | <u><b>17,38,12,31,755</b></u> |                        | <u>13,80,05,97,595</u> |
| <b>APPLICATION OF FUNDS</b>                                  |          |                        |                               |                        |                        |
| <b>Fixed Assets</b>  |          |                        |                               |                        |                        |
| Gross Block  | 4        | 17,82,85,15,313        |                               | 15,24,17,04,235        |                        |
| Less : Depreciation  |          | <u>7,08,18,36,666</u>  |                               | <u>6,36,97,29,961</u>  |                        |
|  |          | <u>10,74,66,78,647</u> |                               | <u>8,87,19,74,274</u>  |                        |
| Add : Capital work in progress                               |          | <u>3,02,62,58,049</u>  | <b>13,77,29,36,696</b>        | <u>2,41,28,32,705</u>  | 11,28,48,06,979        |
| <b>Investments</b>   |          |                        |                               |                        |                        |
|  | 5        |                        | <b>2,21,83,230</b>            |                        | 2,21,83,230            |
| <b>Current Assets, Loans and Advances :</b>                  |          |                        |                               |                        |                        |
| Inventories  | 6        | 1,01,89,16,405         |                               | 82,03,45,703           |                        |
| Sundry Debtors   |          | 82,00,93,189           |                               | 1,08,47,91,715         |                        |
| Cash & Bank balances   |          | 1,01,78,47,554         |                               | 31,30,65,346           |                        |
| Loans and Advances   |          | <u>2,36,95,96,877</u>  |                               | <u>1,93,45,45,083</u>  |                        |
|  |          | <u>5,22,64,54,025</u>  |                               | <u>4,15,27,47,847</u>  |                        |
| <b>Less : Current Liabilities &amp; Provisions</b>           | 7        | <u>1,80,43,46,164</u>  |                               | <u>1,85,01,05,697</u>  |                        |
|  |          | <u>1,80,43,46,164</u>  |                               | <u>1,85,01,05,697</u>  |                        |
| <b>Net Current Assets</b>                                    |          |                        | <b>3,42,21,07,861</b>         |                        | 2,30,26,42,150         |
| <b>Miscellaneous Expenditure</b>                             | 8        |                        | <u>16,40,03,968</u>           |                        | <u>19,09,65,236</u>    |
|  |          |                        | <u><b>17,38,12,31,755</b></u> |                        | <u>13,80,05,97,595</u> |
| <b>Significant Accounting Policies and Notes on Accounts</b> | 16       |                        |                               |                        |                        |

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  
28th May, 2010

Manoj Agarwal  
Company Secretary

Vipul Agarwal  
Whole - time Director

G.L.Mohta  
Whole - time Director

V.P. Agarwal  
Chairman & Managing Director

**PRAKASH INDUSTRIES LIMITED****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

|   | Schedule | This Year<br>Rs.       | Previous Year<br>Rs.   |
|---|----------|------------------------|------------------------|
| <b>INCOME</b>                               |          |                        |                        |
| Sales                                       |          | 16,90,76,41,994        | 17,09,71,47,144        |
| Less:Excise duty                            |          | 1,23,10,74,185         | 1,84,07,34,006         |
| Net Sales                                   |          | 15,67,65,67,809        | 15,25,64,13,138        |
| Other income                                | 9        | 3,04,83,996            | 3,97,80,388            |
| Liabilities written back (Refer Note no. 9) |          | 21,37,50,000           | 12,77,09,475           |
|   |          | <u>15,92,08,01,805</u> | <u>15,42,39,03,001</u> |
| <b>EXPENDITURE</b>                          |          |                        |                        |
| Raw Material consumed                       |          | 8,95,10,35,446         | 9,61,96,75,699         |
| (Increase)/Decrease in stocks               | 10       | (4,49,28,442)          | 1,61,33,068            |
| Manufacturing and operating expenses        | 11       | 1,95,12,25,599         | 1,61,85,89,179         |
| Personnel expenses                          | 12       | 68,07,15,476           | 53,98,87,073           |
| Administrative expenses                     | 13       | 20,07,83,729           | 19,15,57,894           |
| Selling and distribution expenses           | 14       | 36,67,23,941           | 26,72,58,832           |
| Financial expenses                          | 15       | 25,48,00,153           | 60,50,32,995           |
| Depreciation                                |          | 56,78,66,582           | 42,47,77,273           |
| Exceptional items (Refer Note no. 9)        |          | 23,30,58,236           | 6,63,75,000            |
| Expenses amortised                          |          | 2,69,61,268            | 2,69,61,268            |
|   |          | <u>13,18,82,41,988</u> | <u>13,37,62,48,281</u> |
| <b>Profit before Taxation</b>               |          | <b>2,73,25,59,817</b>  | <b>2,04,76,54,720</b>  |
| Provision for Taxation                      |          |                        |                        |
| - Current Tax [Minimum Alternate Tax]       |          | 47,25,80,578           | 23,13,11,389           |
| - Fringe Benefit Tax                        |          | -                      | 60,71,413              |
| - Wealth Tax                                |          | 41,120                 | -                      |
| - Minimum Alternate Tax Credit Adjustment   |          | (40,16,78,342)         | (23,13,11,389)         |
| <b>Net Profit for the year</b>              |          | <b>2,66,16,16,461</b>  | <b>2,04,15,83,307</b>  |
| <b>Balance Brought Forward</b>              |          | <b>7,00,25,596</b>     | <b>1,00,44,49,960</b>  |
| Profit available for appropriation          |          | <u>2,73,16,42,057</u>  | <u>3,04,60,33,267</u>  |
| <b>APPROPRIATIONS</b>                       |          |                        |                        |
| Transfer To General Reserve                 |          | 2,60,00,00,000         | 2,80,99,49,125         |
| Transfer To Debenture Redemption Reserve    |          | -                      | 16,60,58,546           |
| <b>Balance Carried to Balance Sheet</b>     |          | <b>13,16,42,057</b>    | <b>7,00,25,596</b>     |
|   |          | <u>2,73,16,42,057</u>  | <u>3,04,60,33,267</u>  |

**Significant Accounting Policies and****Notes on Accounts**

16

As per our report of even date attached

For Chaturvedi &amp; Partners

Chartered Accountants

For and on behalf of the Board

(L.N. Jain)

Partner

NEW DELHI  
28th May, 2010Manoj Agarwal  
Company SecretaryVipul Agarwal  
Whole - time DirectorG.L.Mohta  
Whole - time DirectorV.P. Agarwal  
Chairman & Managing Director

# PRAKASH INDUSTRIES LIMITED

## SCHEDULES

### SCHEDULE 1 - SHARE CAPITAL

|  | As at 31st March, 2010 | As at 31st March, 2009 |
|--|------------------------|------------------------|
|  | Rs.                    | Rs.                    |
| <b>Authorised :</b>  |                        |                        |
| 150000000 (150000000) Equity Shares of Rs. 10 each               | 1,50,00,00,000         | 1,50,00,00,000         |
| 2000000 (2000000) Preference Shares of Rs. 100 each              | 20,00,00,000           | 20,00,00,000           |
|  | <u>1,70,00,00,000</u>  | <u>1,70,00,00,000</u>  |
| <b>Issued , Subscribed &amp; Paid-up :</b>                       |                        |                        |
| <b>Equity</b>  |                        |                        |
| 121693714 (115473914) Equity Shares of Rs. 10 each fully paid up | 1,21,69,37,140         | 1,15,47,39,140         |
| (Refer Note no. 13)  | <u>1,21,69,37,140</u>  | <u>1,15,47,39,140</u>  |

### SCHEDULE 2 - RESERVES AND SURPLUS

|   |                |                        |                |                       |
|---|----------------|------------------------|----------------|-----------------------|
| <b>General Reserve</b>                      |                |                        |                |                       |
| At Opening                                  | 6,50,00,00,000 |                        | 3,00,00,00,000 |                       |
| Transfer from Profit & Loss Account         | 2,60,00,00,000 |                        | 2,80,99,49,125 |                       |
| Transfer from Debenture Redemption Reserve  | -              | 9,10,00,00,000         | 69,00,50,875   | 6,50,00,00,000        |
| <b>Securities Premium Account</b>           |                |                        |                |                       |
| At Opening                                  | 67,18,41,015   |                        | 1,37,45,85,615 |                       |
| Received during the year                    | 99,51,68,000   |                        | -              |                       |
| FCCB Issue Expense                          | (14,00,56,356) |                        | -              |                       |
| Deferred Tax (Refer Note no. 6)             | (6,94,28,400)  | 1,45,75,24,259         | (70,27,44,600) | 67,18,41,015          |
| <b>Debenture Redemption Reserve</b>         |                |                        |                |                       |
| At Opening                                  | -              |                        | 52,39,92,329   |                       |
| Transfer from Profit & Loss Account         | -              |                        | 16,60,58,546   |                       |
| Transfer to General Reserve                 | -              | -                      | (69,00,50,875) | -                     |
| <b>Capital Redemption Reserve</b>           |                | 8,00,00,000            |                | 8,00,00,000           |
| <b>Capital Reserve</b>                      |                | 2,78,58,845            |                | 2,78,58,845           |
| <b>Revaluation Reserve</b>                  |                | 1,64,22,08,002         |                | 1,78,69,35,092        |
| <b>Surplus in Profit &amp; Loss Account</b> |                | <u>13,16,42,057</u>    |                | <u>7,00,25,596</u>    |
|   |                | <u>12,43,92,33,163</u> |                | <u>9,13,66,60,548</u> |

**PRAKASH INDUSTRIES LIMITED****SCHEDULE 3 - LOAN FUNDS**

|                                    | As at 31st March, 2010<br>Rs. | As at 31st March, 2009<br>Rs. |
|------------------------------------|-------------------------------|-------------------------------|
| <b>SECURED</b>                     |                               |                               |
| <b>Loans:</b>                      |                               |                               |
| From Banks                         | 49,70,409                     | 2,59,30,41,875                |
| From Others                        | <u>1,02,47,87,611</u>         | -                             |
|                                    | <u>1,02,97,58,020</u>         | <u>2,59,30,41,875</u>         |
| <b>UNSECURED</b>                   |                               |                               |
| Foreign currency convertible bonds | <u>1,27,16,34,000</u>         | -                             |
|                                    | <u>1,27,16,34,000</u>         | -                             |

1. Loans are secured by mortgage of immovable properties of the Company and first charge by way of hypothecation of the whole of the movable properties of the Company including its movable plant and machinery, machinery spares, tools and accessories and other movables both present and future (save and except book debts), and personal guarantee of Managing Director.
2. Loan from banks and others include Rs 49,70,409 and Rs 39,54,278 respectively secured against vehicles financed ( Amount payable within one year Rs. 21,09,485).



**SCHEDULE 4 - FIXED ASSETS**

| Particulars   | GROSS BLOCK |            |           |             | DEPRECIATION |                     |            |            | NET BLOCK   |  |
|---|-------------|------------|-----------|-------------|--------------|---------------------|------------|------------|-------------|--|
|   | As at       | Additions  | Sales     | As at       | Total upto   | For the Adjustment/ | Total upto | As at      | As at       |  |
|   | 31.03.2009  |            |           | 31.03.2010  | 31.03.2009   | year                | 31.03.2010 | 31.03.2010 | 31.03.2009  |  |
|   | Rs.         | Rs.        | Rs.       | Rs.         | Rs.          | Rs.                 | Rs.        | Rs.        | Rs.         |  |
| Land (Lease hold)   | 59858273    | -          | -         | 59858273    | -            | -                   | -          | 59858273   | 59858273    |  |
| Land (Free hold)  | 335879409   | 35035648   | 922460    | 369992597   | -            | -                   | -          | 369992597  | 335879409   |  |
| Building  | 1709813874  | 80051259   | -         | 1789865133  | 433046923    | 49426669            | -          | 482473592  | 1307391541  |  |
| Plant & Machinery   | 13034692381 | 2449797283 | -         | 15484489664 | 5880127277   | 655199072           | -          | 6535326349 | 8949163315  |  |
| Moulds & Dies   | 3672472     | 433574     | -         | 4106046     | 3210531      | 175872              | -          | 3386403    | 719643      |  |
| Furniture & Fixtures  | 37436889    | 4827539    | 49990     | 42214438    | 21258054     | 1675695             | 1344       | 22932405   | 19282033    |  |
| Office Equipment  | 32172297    | 3047649    | -         | 35219946    | 16850538     | 2563312             | -          | 19413850   | 15806096    |  |
| Vehicles  | 27936091    | 15212895   | 622319    | 42526667    | 15019975     | 3538435             | 485623     | 18072787   | 24453880    |  |
| Miscellaneous Assets  | 242549      | -          | -         | 242549      | 216663       | 14617               | -          | 231280     | 11269       |  |
|   | 15241704235 | 2588405847 | 1594769   | 17828515313 | 6369729961   | 712593672           | 486967     | 7081836666 | 10746678647 |  |
| Capital Work-in-Progress<br>(Including Pre operative<br>expenses) |             |            |           |             |              |                     |            |            | 3026258049  |  |
| Total   | 15241704235 | 2588405847 | 1594769   | 17828515313 | 6369729961   | 712593672           | 486967     | 7081836666 | 13772936696 |  |
| Previous Year   | 13836450886 | 1906968411 | 501715062 | 15241704235 | 6067431218   | 569724597           | 267425854  | 6369729961 | 8871974274  |  |

(Refer Note no. 14)

# PRAKASH INDUSTRIES LIMITED

## SCHEDULE 5 - INVESTMENTS

|  | As at 31st March, 2010<br>Rs. | As at 31st March, 2009<br>Rs. |
|--|-------------------------------|-------------------------------|
| <b>Long Term, Non-Trade</b>  |                               |                               |
| Unquoted:  |                               |                               |
| Prakash Thermal Power Limited<br>49,400 (49,400)Equity Shares of 10 each fully paid up             | 4,94,000                      | 4,94,000                      |
| Prakash Natural Resources Limited<br>49,400 (49,400) Equity Shares of 10 each fully paid up        | 4,94,000                      | 4,94,000                      |
| Prakash Mega Power Limited<br>49,400 (49,400)Equity Shares of 10 each fully paid up                | 4,94,000                      | 4,94,000                      |
| Prakash Urja Limited<br>49,400 (49,400)Equity Shares of 10 each fully paid up                      | 4,94,000                      | 4,94,000                      |
| Prakash Vidyut Limited<br>49,400 (49,400)Equity Shares of 10 each fully paid up                    | 4,94,000                      | 4,94,000                      |
| Madanpur Coal Block Private Limited<br>19,71,323 (19,71,323)Equity Shares of 10 each fully paid up | 1,97,13,230                   | 1,97,13,230                   |
| Aggregate book value of unquoted Investments   | 2,21,83,230                   | 2,21,83,230                   |

## SCHEDULE 6 - CURRENT ASSETS, LOANS & ADVANCES

|   | As at 31st March, 2010<br>Rs. | As at 31st March, 2009<br>Rs. |
|---|-------------------------------|-------------------------------|
| <b>Inventories</b>  |                               |                               |
| (As taken, valued and certified by the Management)(Refer Note no. 1(d) )                            |                               |                               |
| Stores, Spares & Fuels  | 22,85,09,132                  | 23,66,61,879                  |
| Raw Materials   | 40,77,61,083                  | 28,66,77,197                  |
| Raw Materials in transit  | 5,71,51,593                   | 2,39,01,831                   |
| Finished Products   | 28,57,30,397                  | 25,35,44,366                  |
| Work In Process   | 3,05,73,992                   | 1,54,47,123                   |
| Scrap & Waste   | 91,90,208                     | 41,13,307                     |
|   | 1,01,89,16,405                | 82,03,45,703                  |
| <b>Sundry Debtors</b>   |                               |                               |
| (Unsecured, considered good unless otherwise stated)  |                               |                               |
| Debts over six months   | 15,19,50,190                  | 14,95,78,046                  |
| Less: Provision for doubtful debts  | (28,38,850)                   | (27,75,454)                   |
| Others  | 67,09,81,849                  | 93,79,89,123                  |
|   | 82,00,93,189                  | 1,08,47,91,715                |
| <b>Cash &amp; Bank Balances</b>   |                               |                               |
| Cash in hand  | 46,46,001                     | 34,07,835                     |
| Balances with scheduled banks in :  |                               |                               |
| Current accounts  | 16,37,06,481                  | 11,51,88,465                  |
| Deposit accounts (Deposits of Rs. 5,04,93,985<br>pledged as security, previous year Rs.7,00,33,877) | 84,94,95,072                  | 19,44,69,046                  |
|   | 1,01,78,47,554                | 31,30,65,346                  |
| <b>Loans and Advances</b>   |                               |                               |
| (Unsecured, considered good unless otherwise stated)  |                               |                               |
| Advances recoverable in cash or in kind or for<br>value to be received                              | 1,02,34,90,669                | 81,27,13,016                  |
| Less:Provision for doubtful advances  | (3,09,252)                    | (3,09,252)                    |
| Advance Income-tax (Refer Note no.10)   | 23,40,61,962                  | 41,40,37,530                  |
| MAT credit entitlement (Refer Note no.1(I)(ii))   | 1,10,18,72,039                | 70,01,93,697                  |
| Claims recoverable  | 42,12,566                     | 49,40,519                     |
| Interest accrued on deposits  | 62,68,893                     | 29,69,573                     |
|   | 2,36,95,96,877                | 1,93,45,45,083                |

**PRAKASH INDUSTRIES LIMITED****SCHEDULE 7- CURRENT LIABILITIES & PROVISIONS**

|                                     | As at 31st March, 2010<br>Rs. | As at 31st March, 2009<br>Rs. |
|-------------------------------------|-------------------------------|-------------------------------|
| <b>Current Liabilities</b>          |                               |                               |
| Sundry Creditors (Refer Note no. 5) | 95,99,41,368                  | 84,24,01,904                  |
| Trade/Security Deposits             | 6,33,22,194                   | 7,28,21,479                   |
| Interest Accrued but not due        | -                             | 21,99,35,309                  |
|                                     | <u>1,02,32,63,562</u>         | <u>1,13,51,58,692</u>         |
| <b>Provisions</b>                   |                               |                               |
| For Corporate Taxes                 | 69,57,09,930                  | 63,97,80,180                  |
| For Gratuity and Leave Encashment   | 8,53,72,672                   | 7,51,66,825                   |
|                                     | <u>78,10,82,602</u>           | <u>71,49,47,005</u>           |
|                                     | <u>1,80,43,46,164</u>         | <u>1,85,01,05,697</u>         |

**SCHEDULE 8 - MISCELLANEOUS EXPENDITURE**

|   | As at 31st March, 2010<br>Rs. | As at 31st March, 2009<br>Rs. |
|---|-------------------------------|-------------------------------|
| <b>Miscellaneous Expenditure</b><br>(To the extent not written off or adjusted) |                               |                               |
| Mine Development Expenditure<br>(Refer Note no. 1(i))                           | 16,40,03,968                  | 19,09,65,236                  |
|   | <u>16,40,03,968</u>           | <u>19,09,65,236</u>           |

**SCHEDULE 9 - OTHER INCOME**

|   | This Year<br>Rs.   | Previous Year<br>Rs. |
|---|--------------------|----------------------|
| Income from job charges   | -                  | 1,53,88,754          |
| Interest :  |                    |                      |
| On fixed deposits with banks(Tax deducted at source<br>Rs. 14,23,964 (Rs. 23,65,761)) | 71,63,037          | 1,07,21,768          |
| On others(Tax deducted at source Rs 3,84,789(Rs.10,45,892))                           | 1,22,93,492        | 45,40,989            |
| Rent received   | 5,00,500           | 4,96,000             |
| Miscellaneous income  | 8,41,079           | 16,05,772            |
| Profit on current investment(Non-Trade)   | 88,58,240          | 70,27,105            |
| Profit on sale of fixed assets  | 8,27,648           | -                    |
|   | <u>3,04,83,996</u> | <u>3,97,80,388</u>   |

**PRAKASH INDUSTRIES LIMITED****SCHEDULE 10 - (INCREASE) / DECREASE IN STOCKS**

|                                    | Rs.          | This Year<br>Rs. | Rs.          | Previous Year<br>Rs. |
|------------------------------------|--------------|------------------|--------------|----------------------|
| <b>Stock in trade (At close)</b>   |              |                  |              |                      |
| Finished products                  | 28,57,30,397 |                  | 25,35,44,366 |                      |
| Work in process                    | 3,05,73,992  |                  | 1,54,47,123  |                      |
| Scrap and waste                    | 91,90,208    | 32,54,94,597     | 41,13,307    | 27,31,04,796         |
| <b>Stock in trade (At opening)</b> |              |                  |              |                      |
| Finished products                  | 25,35,44,366 |                  | 26,73,60,334 |                      |
| Work in process                    | 1,54,47,123  |                  | 2,77,93,541  |                      |
| Scrap and waste                    | 41,13,307    | 27,31,04,796     | 29,97,784    | 29,81,51,659         |
|                                    |              | (5,23,89,801)    |              | 2,50,46,863          |
| Excise Duty on Stock movement      |              | 74,61,359        |              | (89,13,795)          |
|                                    |              | (4,49,28,442)    |              | 1,61,33,068          |

**SCHEDULE 11 - MANUFACTURING AND OPERATING EXPENSES**

|                 |              |                |              |                |
|-----------------|--------------|----------------|--------------|----------------|
| Power & fuel    |              | 66,93,37,236   |              | 54,69,09,503   |
| Mining expenses |              | 43,75,03,745   |              | 38,98,66,670   |
| Stores & spares |              | 35,16,87,766   |              | 37,13,39,734   |
| Repairs to :    |              |                |              |                |
| Machinery       | 45,66,38,352 |                | 28,96,62,486 |                |
| Building        | 3,46,29,664  |                | 1,94,73,574  |                |
| Others          | 14,28,836    | 49,26,96,852   | 13,37,212    | 31,04,73,272   |
|                 |              | 1,95,12,25,599 |              | 1,61,85,89,179 |

# PRAKASH INDUSTRIES LIMITED

## SCHEDULE 12 - PERSONNEL EXPENSES

|   | This Year<br>Rs.    | Previous Year<br>Rs. |
|---|---------------------|----------------------|
| Salaries, wages & benefits              | 59,06,51,377        | 47,55,56,863         |
| Contribution to provident & other funds | 3,36,92,328         | 2,76,33,436          |
| Directors' remuneration                 | 2,82,92,029         | 1,53,17,785          |
| Employees' welfare expenses             | 2,80,79,742         | 2,13,78,989          |
|   | <u>68,07,15,476</u> | <u>53,98,87,073</u>  |

## SCHEDULE 13 - ADMINISTRATIVE EXPENSES

|   |                 |                     |                 |                     |
|---|-----------------|---------------------|-----------------|---------------------|
| Insurance                                 |                 | 28,84,163           |                 | 25,67,523           |
| Rates & taxes                             |                 | 1,63,86,417         |                 | 1,78,80,875         |
| Travelling & Conveyance                   |                 | 4,68,23,926         |                 | 3,79,48,224         |
| Vehicle maintenance                       |                 | 1,33,16,252         |                 | 1,32,76,299         |
| Auditors' remuneration :                  |                 |                     |                 |                     |
| Audit fees                                | 20,00,000       |                     | 15,00,000       |                     |
| Tax Audit fees                            | <u>6,00,000</u> | 26,00,000           | <u>5,00,000</u> | 20,00,000           |
| Legal & professional charges              |                 | 5,02,15,899         |                 | 4,31,87,265         |
| Miscellaneous expenses                    |                 | 6,12,21,789         |                 | 6,53,32,413         |
| Provision for doubtful debts and advances |                 | 63,396              |                 | 30,84,706           |
| Rent                                      |                 | 61,31,887           |                 | 51,69,906           |
| Directors' sitting fees                   |                 | 11,40,000           |                 | 5,50,000            |
| Loss on sale of fixed assets              |                 | -                   |                 | 5,60,683            |
|   |                 | <u>20,07,83,729</u> |                 | <u>19,15,57,894</u> |

## SCHEDULE 14 - SELLING AND DISTRIBUTION EXPENSES

|                              |  |                     |  |                     |
|------------------------------|--|---------------------|--|---------------------|
| Advertisement                |  | 59,05,006           |  | 61,66,743           |
| Packing & forwarding charges |  | 15,60,11,282        |  | 12,37,73,187        |
| Sales promotion              |  | 9,86,639            |  | 8,77,010            |
| Discount & rebate            |  | 4,64,55,070         |  | 2,87,08,669         |
| Commission                   |  | 15,73,65,944        |  | 10,77,33,223        |
|                              |  | <u>36,67,23,941</u> |  | <u>26,72,58,832</u> |

## SCHEDULE 15 - FINANCIAL EXPENSES

|  |  |                     |  |                     |
|--|--|---------------------|--|---------------------|
| Interest on fixed loans                |  | 22,36,64,284        |  | 43,93,21,127        |
| Other interest including lease charges |  | 2,66,88,477         |  | 13,86,98,176        |
| Finance procurement expenses           |  | -                   |  | 2,28,73,079         |
| Bank charges                           |  | 44,47,392           |  | 41,40,613           |
|  |  | <u>25,48,00,153</u> |  | <u>60,50,32,995</u> |

**PRAKASH INDUSTRIES LIMITED****CASH FLOW STATEMENT****(Rs. in lacs)**

This Year

Previous Year

**A. Cash Flow From Operating Activities :**

|   |               |                     |        |                     |
|---|---------------|---------------------|--------|---------------------|
| Net Profit as per Profit & Loss Account         |               | <b>26616</b>        |        | 20416               |
| Adjustments for                                 |               |                     |        |                     |
| Exceptional items                               | <b>2331</b>   |                     | 664    |                     |
| Liabilities Written Back                        | <b>(2138)</b> |                     | (1277) |                     |
| Provision for tax                               | <b>709</b>    |                     | 61     |                     |
| Provision for gratuity and leave encashment     | <b>102</b>    |                     | 181    |                     |
| Provision for doubtful debts and advances       | <b>1</b>      |                     | 31     |                     |
| Depreciation                                    | <b>5679</b>   |                     | 4248   |                     |
| Expenses amortised                              | <b>269</b>    |                     | 269    |                     |
| Interest & Other Income                         | <b>(208)</b>  |                     | (328)  |                     |
| (Profit)/Loss on sale of fixed assets           | <b>(8)</b>    |                     | 5      |                     |
| Profit on Investments                           | <b>(89)</b>   |                     | (70)   |                     |
| Financial expenses                              | <b>2548</b>   | <b>9196</b>         | 6050   | 9834                |
| Operating Profit before working Capital changes |               | <b>35812</b>        |        | 30250               |
| Adjustments for                                 |               |                     |        |                     |
| Trade & Other receivables                       | <b>547</b>    |                     | (690)  |                     |
| Inventories                                     | <b>(1986)</b> |                     | 1659   |                     |
| Trade payables & provisions                     | <b>1080</b>   | <b>(359)</b>        | 2111   | 3080                |
| Cash generated from operations                  |               | <b>35453</b>        |        | 33330               |
| Taxes Paid                                      |               | <b>2367</b>         |        | 92                  |
| Financial expenses paid                         |               | <b>6078</b>         |        | 6344                |
| <b>Net Cash from operating activities</b>       |               | <b><u>27008</u></b> |        | <b><u>26894</u></b> |

**B. Cash Flow From Investing Activities:**

|  |  |                       |  |                       |
|--|--|-----------------------|--|-----------------------|
| Sale of fixed assets                                   |  | <b>19</b>             |  | 2337                  |
| Purchase of fixed assets                               |  | <b>(32018)</b>        |  | (25601)               |
| Mine development expenditure                           |  | <b>-</b>              |  | (112)                 |
| Interest & other Income received                       |  | <b>175</b>            |  | 318                   |
| Investment/advances to Group companies & Joint venture |  | <b>-</b>              |  | (21)                  |
| Purchase/sale of investment                            |  | <b>89</b>             |  | 70                    |
| <b>Net cash used in investing activities</b>           |  | <b><u>(31735)</u></b> |  | <b><u>(23009)</u></b> |

## **PRAKASH INDUSTRIES LIMITED**

### **C. Cash Flow From Financing Activities :**

|   |                     |                      |
|---|---------------------|----------------------|
| Proceeds from issue of FCCBs                              | 21889               | -                    |
| Proceeds from issue of warrants                           | 6518                | -                    |
| Repayment of loans & debentures(Net)                      | (16633)             | (9205)               |
| <b>Net Cash from financing activities</b>                 | <b><u>11774</u></b> | <b><u>(9205)</u></b> |
| <b>Net Changes in Cash &amp; bank equivalents (A+B+C)</b> | <b>7047</b>         | <b>(5320)</b>        |
| <b>Opening balance of Cash &amp; bank equivalents</b>     | <b>3131</b>         | <b>8451</b>          |
| <b>Closing balance of Cash &amp; bank equivalents</b>     | <b>10178</b>        | <b>3131</b>          |

#### Notes :

- The Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 'Cash Flow Statements'
- Cash and bank equivalents include balances with the banks on margin accounts, which are not available currently for use by the Company.
- Provision for tax is net of amount of MAT Credit entitlement.
- Purchase of fixed assets include movement of capital work in progress.
- Proceeds from issue of FCCBs are net of issue expenses.
- Previous year's figures have been regrouped/rearranged wherever considered necessary, to confirm to this year's presentation.

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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  
28th May, 2010

Manoj Agarwal  
Company Secretary

Vipul Agarwal  
Whole - time Director

G.L.Mohta  
Whole - time Director

V.P. Agarwal  
Chairman & Managing Director

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**SCHEDULE 16- NOTES ON ACCOUNTS**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of Accounting**

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

**(b) Fixed Assets**

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

**(c) Depreciation**

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

**(d) 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.



## **PRAKASH INDUSTRIES LIMITED**

**(e) 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.

**(f) 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.

**(g) 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.

**(h) Borrowing Costs**

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised on that asset. Other borrowing costs are charged to revenue account. The amount of borrowing cost capitalised during the year is Rs 443.95 lacs (Nil)

**(i) Miscellaneous Expenditure**

Expenditure incurred on development of a Coal mine is being written off over a period of 10 years.

**(j) 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".

**(k) Earnings Per Share (EPS)**

The earnings considered in ascertaining the company's EPS comprises the Net Profit or Loss for the period after tax. The basic EPS is computed on the basis of weighted average of number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

**(l) Taxes on Income**

i) Tax expense for the year comprise of current and deferred tax. Current taxes are measured in accordance with the prevailing provisions of the Income Tax Act, 1961. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences that result between taxable profit and the profit as per the financial statements. 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 recognised on unabsorbed depreciation and carry forward of losses under tax laws to the extent 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 and written down or written up to reflect the amount that is reasonably/virtually certain as the case may be, to be realised. Pursuant to the approval of the shareholders and Hon'ble Punjab &

## PRAKASH INDUSTRIES LIMITED

Haryana High Court's order dated 23rd August 2007 Deferred tax liabilities (net) from the year 2007-08 and onwards are being met from Securities Premium Account. The taxable income of the Company being lower than the book profits under the provisions of the Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT) on its income. As per the legal opinion obtained by the Company and various court judgements, due date for submission of return has been considered as due date for payment of MAT. The Company, based on a legal opinion, is treating the profits derived from its power generation business as exempt from MAT, while filing its tax returns. However as a prudent accounting policy, MAT is being provided on such profits also in the books of account.

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

### (m) 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 recoverable amount.

### (n) 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.

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

|   | <b>This year</b>     | Previous year |
|---|----------------------|---------------|
|   | <b>(Rs. in lacs)</b> | (Rs. in lacs) |
| - Guarantees issued by banks on behalf of the company   | <b>996.84</b>        | 953.84        |
| - Disputed demands of Excise Duty /Sales Tax/Electricity dues/Lease rentals<br>(Amount paid there against <b>Rs.394.37 lacs</b> (Rs.372.97 lacs))   | <b>2,368.30</b>      | 2,331.07      |
| - Claims not acknowledged as debts by the Company   | <b>313.45</b>        | 313.45        |
| <br>  |                      |               |
| 3. Estimated amount of contracts remaining to be executed on capital account and not provided for<br>(Advances paid there against <b>Rs.4,522.83 lacs</b> (Rs.1,969.19 lacs))   | <b>38,992.38</b>     | 9,096.29      |
| 4. In the opinion of the management, the "Current Assets, Loans and Advances" have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated in the Balance Sheet.   |                      |               |
| 5. 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.                                     |                      |               |
| 6. 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 Rs. 694.28 lacs has been adjusted against Securities Premium Account. Consequently, the profit after tax is higher by the said amount. |                      |               |
| 7. Advance recoverable in cash or in kind or for value to be received include   |                      |               |
| i) A sum of <b>Rs. 2,386.20 lacs</b> (Rs. 1,956.16 lacs) from group companies in which directors are interested. Maximum amount outstanding during the year <b>Rs. 2,583.93 lacs</b> (Rs. 2,129.27 lacs).   |                      |               |
| ii) A sum of <b>Rs. Nil lacs</b> (Rs. 0.04 lacs) paid to Madanpur (North) Coal Co. Pvt. Ltd., a joint venture Company. Maximum amount outstanding during the year <b>Rs. 0.04 lacs</b> (Rs. 5.11 lacs).   |                      |               |

## PRAKASH INDUSTRIES LIMITED

8. The company has an investment of Rs 197.13 lacs in the share capital of Madanpur (North) Coal co. Pvt. Ltd., a joint venture company formed for the purpose of developing a coal block allotted to the company in consortium with others.

| Particulars                        | As at 31st March, 2010 * (Rs in lacs) |        |             |                        |                     | 2009-2010* |             |
|------------------------------------|---------------------------------------|--------|-------------|------------------------|---------------------|------------|-------------|
|                                    | % Holding                             | Assets | Liabilities | Contingent Liabilities | Capital Commitments | Income     | Expenditure |
| Madanpur (North) Coal Co. Pvt. Ltd | 20.67                                 | 957    | 957         | 3312                   | Nil                 | Nil        | Nil         |
| (India)                            | (20.67)                               | (958)  | (958)       | (3310)                 | (Nil)               | (Nil)      | (Nil)       |

\*Figures are as certified by the management and figures in bracket are for previous year.

9. Liabilities written back represents share warrant application money forfeited during the year. Exceptional Item include amounts paid to various lenders on settlement/prepayment.
10. Advance income tax is subject to setoff with provision for corporate tax as and when assessed.
11. The company has taken certain plant and machinery under operating lease prior to the period 1<sup>st</sup> April, 2001. The company is having legal disputes with the concerned lessors and there are counter claims which are pending under arbitration/court, as such the future liability on this account, if any, is not ascertainable.
12. The Company has repaid the matured non-convertible debentures to individual debenture holders. However, certain cheques amounting to Rs. 39.47 lacs are yet to be realised by the concerned holders.
13. During the year 62,19,800 equity shares of Rs 10 each at a premium of Rs 160 each were allotted pursuant to the conversion of US\$ 22.7 mn Foreign Currency Convertible Bonds (FCCB) out of the US\$ 50 mn FCCB issued by the Company in October'2009. Share capital includes 4,50,000 equity shares issued on conversion of term loan and 2,60,22,648 equity shares allotted as Bonus shares by capitalisation of Securities Premium Account in earlier years.
14. Gross Block of Land and Plant & Machinery includes Rs. 2,014.11 lacs and Rs. 19,823.69 lacs respectively added on revaluation of assets as at 31st March 2005. The depreciation as shown in the Profit & Loss Account is net of amount of Rs. 1,447.27 lacs adjusted against the Revaluation reserve.
15. 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):-

|  | Current Year | Previous Year |
|--|--------------|---------------|
|  | Rs. in lacs  |               |
| Contribution to Provident Fund             | 273.01       | 219.77        |
| Contribution to Employees' State Insurance | 63.91        | 56.56         |

**b) Defined Benefit Plan:**

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

|  | Rs. in lacs  |                  |               |                  |
|--|--------------|------------------|---------------|------------------|
|  | Current Year |                  | Previous Year |                  |
|  | Gratuity     | Leave Encashment | Gratuity      | Leave Encashment |
|  | (Unfunded)   | (Unfunded)       | (Unfunded)    | (Unfunded)       |
| Defined Benefits obligation at the beginning of the year | 546.85       | 204.81           | 426.73        | 143.73           |
| Current Service Cost                                     | 66.11        | 32.82            | 65.83         | 26.98            |
| Interest Cost  | 43.63        | 16.34            | 29.87         | 10.06            |
| Actuarial (gain)/loss                                    | 47.44        | 19.39            | 52.70         | 39.27            |
| Benefit paid   | (14.44)      | (14.34)          | (28.28)       | (15.23)          |
| Defined Benefit obligation at the year end               | 594.71       | 259.02           | 546.85        | 204.81           |

## PRAKASH INDUSTRIES LIMITED

### Reconciliation of fair value of assets and obligations

|   |        |        |        |        |
|---|--------|--------|--------|--------|
| Present value of obligation at year end | 594.71 | 259.02 | 546.85 | 204.81 |
| Amount recognized in Balance Sheet      | 594.71 | 259.02 | 546.85 | 204.81 |

### Expenses recognized during the year

|  |         |       |        |       |
|--|---------|-------|--------|-------|
| Current Service Cost                           | 66.11   | 32.82 | 65.83  | 26.98 |
| Interest Cost                                  | 43.63   | 16.34 | 29.87  | 10.06 |
| Actuarial (gain)/loss                          | (14.44) | 19.39 | 52.70  | 39.27 |
| Total Cost recognized in the Profit & Loss A/c | 95.30   | 68.55 | 148.40 | 76.31 |

### Actuarial assumption

|   |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Mortality Table(L.I.C)                  | 1994-96<br>(Ultimate) | 1994-96<br>(Ultimate) | 1994-96<br>(Ultimate) | 1994-96<br>(Ultimate) |
| Discount rate(per annum)                | 8%                    | 8%                    | 7%                    | 7%                    |
| 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.

16. During the year, the Company has earned gains on sale/purchase of following investments:

|  | (Rs. in lacs) |               |               |
|--|---------------|---------------|---------------|
| Name of the Fund   | No. of Units  | Purchase Cost | Sale Proceeds |
| Reliance Liquid Fund -Growth Plan<br>Unit of Rs. 10 each | 17,59,77,000  | 41,713.29     | 41,801.87     |
|  | (8,27,81,746) | (15,875.55)   | (15,945.82)   |

17. 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 Schedule 10 – Increase/Decrease in stocks.

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

|   | As at 31.03.2010 | (Rs. in lacs)<br>As at 31.03.2009 |
|---|------------------|-----------------------------------|
| Particulars   |                  |                                   |
| Depreciation on Fixed Assets                            | (8,807)          | (8,315)                           |
| Disallowances under Section 43B of Income Tax Act, 1961 | 799              | 1,025                             |
| Provisions  | <u>290</u>       | <u>266</u>                        |
|   | <u>(7,718)</u>   | <u>(7,024)</u>                    |

19. Remuneration of Managing Director and the Whole-time Directors for the year is in accordance with Schedule XIII to the Companies Act, 1956:

|                                      | This Year<br>Rs.   | Previous Year<br>Rs. |
|--------------------------------------|--------------------|----------------------|
| Salary & Allowances                  | 1,71,15,000        | 91,50,000            |
| Provident Fund Contributions         | 20,53,800          | 8,82,000             |
| Other Perquisites                    | 29,999             | 44,750               |
| Exgratia Bonus                       | <u>8,40,000</u>    | <u>7,20,000</u>      |
|                                      | 2,00,38,799        | 1,07,96,750          |
| Provision of Gratuity & Earned Leave | <u>82,53,230</u>   | <u>45,21,035</u>     |
|                                      | <u>2,82,92,029</u> | <u>1,53,17,785</u>   |

20. The Company has raised amounts against issue of Foreign Currency Convertible Bonds (FCCBs) during the year. The said amount has been utilised towards Capital expenditure for expansion and modernisation plans of the Company during the year. Amount of Rs. 2996 lacs representing unutilised money against outstanding FCCBs at the close of the year has been kept with banks in fixed deposits. The Company has complied with all the financial and other covenants as mentioned in the Offering Circular with respect to the issue of FCCBs.

## PRAKASH INDUSTRIES LIMITED

21. 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 their relatives exercise significant influence with whom transactions have taken place during the year.

1. Primenet Global Limited
2. Surya Roshni Limited
3. Prakash Thermal Power Limited
4. Prakash Natural Resources Limited
5. Prakash Mega Power Limited
6. Prakash Urja Limited
7. Prakash Vidyut Limited
8. Vanshi Farms Private Limited
9. Ocean Ispat Private Limited

b) Key Management Personnel :

1. Shri V.P.Agarwal, Chairman & Managing Director
2. Shri Vikram Agarwal, Joint Managing Director
3. Shri G.L.Mohta, Whole Time Director
4. Shri Vipul Agarwal, Whole Time Director

c) Joint Venture Entities :

1. Madanpur (North) Coal Co. Pvt. Ltd.

(B) Transactions with related parties

|                                  |                  | (Rs.in lacs)  |
|----------------------------------|------------------|---------------|
| <u>Key Management Personnel</u>  | <b>This Year</b> | Previous Year |
| Remuneration                     | <b>282.92</b>    | 153.17        |
| <u>Enterprises</u>               |                  |               |
| Hire Charges paid                | <b>220.18</b>    | 538.96        |
| Amount paid for Services         | <b>3.89</b>      | 83.94         |
| Purchase of goods                | -                | 0.82          |
| Purchase of Vehicles             | -                | 58.15         |
| Investment in shares             | -                | 221.83        |
| Advances paid                    | <b>1,184.83</b>  | 1,463.15      |
| Balances outstanding at year end | <b>2,386.20</b>  | 1,956.16      |
| <u>Joint Venture Entities</u>    |                  |               |
| Share application money paid     | -                | 20.67         |
| Advances paid                    | -                | 0.04          |
| Balances outstanding at year end | -                | 0.04          |

Notes:

- 1) Companies at serial nos. 3 to 9 above are incorporated for setting up new projects by the company.
- 2) Related party relationship in terms of Accounting Standard 18 as given above is pointed out by the management and relied upon by the Auditors.

22. Earning per share (EPS) :

|   | <b>This Year</b> | Previous Year |
|---|------------------|---------------|
| Net Profit (Rs. in lacs)                        | <b>26,616</b>    | 20,416        |
| Weighted average no. of Equity Shares (In lacs) | <b>1166.26</b>   | 1154.74       |
| Basic/Diluted Earning per Share (Rs.)           | <b>22.82</b>     | 17.68         |
| Nominal Value of each Share (Rs.)               | <b>10.00</b>     | 10.00         |

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

23. Previous year's figures have been shown in brackets and regrouped and/or rearranged wherever considered necessary to conform with current year's presentation. The figures have been rounded off to the nearest of Rupee.

24. Schedule 1 to 16 form an integral part of accounts and have been duly authenticated.

## PRAKASH INDUSTRIES LIMITED

### 25. Segment wise Revenue, Results and Capital Employed

|   | (Rs. in lacs)    |               |
|---|------------------|---------------|
| <b>Particulars</b>  | <b>This Year</b> | Previous Year |
| Segment Revenue   |                  |               |
| a) Power  | 30,134           | 21,213        |
| b) Steel  | 1,57,806         | 1,61,544      |
| c) PVC Pipes & Others   | 10,963           | 9,151         |
| Total   | 1,98,903         | 1,91,908      |
| Less : Inter Segment Revenue (Power)  | 29,827           | 20,937        |
| Total Net Sales of Finished Products  | 1,69,076         | 1,70,971      |
| Segment Results   |                  |               |
| Profit before tax and interest  |                  |               |
| a) Power  | 23,543           | 15,630        |
| b) Steel  | 5,347            | 9,501         |
| c) PVC Pipes & Others   | 1,446            | 1,052         |
| Total   | 30,336           | 26,183        |
| Less : Interest & Financial Expenses  | 2,548            | 6,050         |
| Add : Other unallocable income / (expenditure) net                          | 1,172            | 283           |
| Total Profit for the year   | 26,616           | 20,416        |
| Capital Employed (Segment Assets-Segment Liabilities - Revaluation Reserve) |                  |               |
| a) Power  | 46,036           | 20,130        |
| b) Steel  | 1,08,034         | 96,443        |
| c) PVC Pipes & Others   | 3,321            | 3,564         |
| Total   | 1,57,391         | 1,20,137      |

26. Additional information pursuant to para 3, 4C and 4D of Part - II of schedule VI to the Companies Act, 1956.

|                                      | This Year      |                       | Previous Year  |                       |
|--------------------------------------|----------------|-----------------------|----------------|-----------------------|
|                                      | Quantity<br>MT | Value (Rs.)           | Quantity<br>MT | Value (Rs.)           |
| <b>Material Consumed/Purchased :</b> |                |                       |                |                       |
| Chargeable Metal                     | 10,85,018      | 4,48,55,66,505        | 8,55,286       | 4,19,09,12,385        |
| Coal                                 | 9,72,065       | 32,06,21,884          | 8,81,522       | 35,15,95,435          |
| PVC Resin                            | 13,037         | 69,89,08,492          | 9,528          | 52,22,82,045          |
| Ores & Minerals                      | 6,17,072       | 2,83,47,64,815        | 5,59,324       | 4,07,67,24,704        |
| Others                               |                | 61,11,73,750          |                | 47,81,61,130          |
|                                      |                | <u>8,95,10,35,446</u> |                | <u>9,61,96,75,699</u> |

Quantities are inclusive of inter divisional transfers.

### Installed Capacities and Production

(As certified by the Management & relied upon by the Auditors)

| Class of Product* | Unit | Installed Capacity |               | Production |               |
|-------------------|------|--------------------|---------------|------------|---------------|
|                   |      | This Year          | Previous Year | This Year  | Previous Year |
| Finished Steel    | MT   | 7,50,000           | 3,80,000      | 4,74,386   | 3,28,950      |
| Liquid Metal      | MT   | 7,00,000           | 5,00,000      | 5,07,400   | 4,45,805      |
| Ferro Alloys      | MT   | 48,000             | 45,000        | 43,842     | 32,032        |
| Rigid PVC Pipes   | MT   | 20,000             | 15,000        | 17,955     | 13,512        |
| Wind Power        | MW   | 6.3                | 6.3           | 109**      | 101**         |

\* Excluding items entirely for captive use

\*\* Unit in lacs

**TURNOVER AND STOCKS :**

| CLASS OF PRODUCTS | UNIT      | TURNOVER  |             |               |             | CLOSING STOCK |             |               |             | OPENING STOCK |             |               |             |
|-------------------|-----------|-----------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|                   |           | THIS YEAR |             | PREVIOUS YEAR |             | THIS YEAR     |             | PREVIOUS YEAR |             | THIS YEAR     |             | PREVIOUS YEAR |             |
|                   |           | Quantity  | Value (Rs.) | Quantity      | Value (Rs.) | Quantity      | Value (Rs.) | Quantity      | Value (Rs.) | Quantity      | Value (Rs.) | Quantity      | Value (Rs.) |
| FINISHED STEEL    | MT        | 471416    | 13018372884 | 329467        | 12208296103 | 5749          | 133546244   | 2779          | 76117040    | 2779          | 76117040    | 3296          | 91885906    |
| LIQUID METAL      | MT        | 507222    | 1014595619  | 445537        | 2428632436  | 1781          | 37527214    | 1603          | 37621291    | 1603          | 37621291    | 1335          | 33278689    |
| FERRO ALLOYS      | MT        | 43971     | 1739189822  | 31296         | 1513448312  | 1446          | 40066113    | 1575          | 61585233    | 1575          | 61585233    | 839           | 26497471    |
| RIGID PVC PIPES   | MT        | 18024     | 1095453765  | 13716         | 797433636   | 561           | 28131011    | 630           | 31593307    | 630           | 31593307    | 834           | 41293436    |
| WIND POWER        | Lac Units | 109       | 30660752    | 101           | 27549221    | -             | -           | -             | -           | -             | -           | -             | -           |
| OTHERS            |           | -         | 9369152     | -             | 121787436   | -             | 46459815    | -             | 46627495    | -             | 46627495    | -             | 74404832    |
|                   |           |           | 16907641994 |               | 17097147144 |               | 285730397   |               | 253544366   |               | 253544366   |               | 267360334   |

Note: Turnover quantities include used for captive/inter divisional transfers and shortages.

## PRAKASH INDUSTRIES LIMITED

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

|                         | Rs.                   | This Year<br>Percentage | Rs.                   | Previous Year<br>Percentage |
|-------------------------|-----------------------|-------------------------|-----------------------|-----------------------------|
| Raw Material/Components |                       |                         |                       |                             |
| Imported                | 17,17,34,250          | 01.92%                  | 13,99,204             | 00.01%                      |
| Indigenous              | <u>8,77,93,01,196</u> | <u>98.08%</u>           | <u>9,61,82,76,495</u> | <u>99.99%</u>               |
|                         | <u>8,95,10,35,446</u> | <u>100.00%</u>          | <u>9,61,96,75,699</u> | <u>100.00%</u>              |
| Stores & Spares         |                       |                         |                       |                             |
| Imported                | 45,15,320             | 01.28%                  | 31,76,293             | 00.86%                      |
| Indigenous              | <u>34,71,72,446</u>   | <u>98.72%</u>           | <u>36,81,63,441</u>   | <u>99.14%</u>               |
|                         | <u>35,16,87,766</u>   | <u>100.00%</u>          | <u>37,13,39,734</u>   | <u>100.00%</u>              |

|  | This Year<br>Rs. | Previous Year<br>Rs. |
|--|------------------|----------------------|
| <b>CIF value of imports :</b>            |                  |                      |
| Raw Materials                            | 3,25,66,787      | 11,42,100            |
| Stores & Spares                          | 42,20,835        | 56,10,709            |
| Plant & Machinery                        | 98,90,819        | 17,12,352            |
| <b>Earning in foreign exchange :</b>     |                  |                      |
| FOB Value of Exports                     | -                | 2,24,59,757          |
| <b>Expenditure in foreign currency :</b> |                  |                      |
| Travelling                               | 8,57,900         | 35,670               |
| Interest                                 | 3,15,92,243      | -                    |
| Professional Charges                     | 8,69,23,650      | 3,94,211             |

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE

#### I. Registration Details

|                  |       |
|------------------|-------|
| Registration No. | 10724 |
| State Code       | 05    |

|                    |            |
|--------------------|------------|
| Balance Sheet Date | 31.03.2010 |
|--------------------|------------|

#### II. Capital Raised during the year (Amount in Rs. Thousands)

|                                      |        |
|--------------------------------------|--------|
| Public Issue                         | -      |
| Right Issue                          | -      |
| Bonus Issue                          | -      |
| Private Placement/Preferential Issue | 62,198 |



# PRAKASH INDUSTRIES LIMITED

## III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousand)

|                   |   |             |
|-------------------|---|-------------|
| Total Liabilities | : | 1,73,81,232 |
| Total Assets      | : | 1,73,81,232 |

### Sources of Funds

|                                |   |             |
|--------------------------------|---|-------------|
| Paid-up Capital                | : | 12,16,937   |
| Convertible Warrants           | : | 6,51,835    |
| Reserves & Surplus             | : | 1,24,39,233 |
| Secured Loans                  | : | 10,29,758   |
| Unsecured Loans                | : | 12,71,634   |
| Deferred Tax Liabilities (Net) | : | 7,71,835    |

### Application of Funds

|                           |   |             |
|---------------------------|---|-------------|
| Net Fixed Assets          | : | 1,37,72,937 |
| Investment                | : | 22,183      |
| Net Current Assets        | : | 34,22,108   |
| Miscellaneous Expenditure | : | 1,64,004    |

## IV. Performance of Company (Amount in Rs. Thousands)

|                            |   |             |
|----------------------------|---|-------------|
| Turnover                   | : | 1,69,07,642 |
| Total Expenditure          | : | 1,42,46,026 |
| Net Profit for the year    | : | 26,61,616   |
| Earning per Share (in Rs.) | : | 22.82       |

## V. Generic Names of Three Principal Products of Company (as per monetary terms)

| Product Description       | Item Code No. (ITC Code) |
|---------------------------|--------------------------|
| (a) Rolled Steel Products | 72165000                 |
| (b) MS Round in Coil      | 72131090                 |
| (c) Ferro Alloys          | 72023000                 |

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  
28th May, 2010

Manoj Agarwal  
Company Secretary

Vipul Agarwal  
Whole - time Director

G.L.Mohta  
Whole - time Director

V.P. Agarwal  
Chairman & Managing Director

# Prakash Industries Limited

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

## PROXY

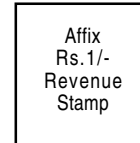
\* DP ID No..... Folio No. ....  
\* Client ID No..... No. of shares held.....

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 29th 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 14th August, 2010 or at any adjournment thereof.

Signed this..... day of .....2010

Signed by the Said.....

\* Applicable for investors holding shares in demat form



Note : The proxy form signed across Rs. 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.

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# 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 Certify that I am a member of the Company.

I hereby record my presence at the 29th Annual General Meeting of the Company being held at the Regd. Office of the Company at 15Km. Stone, Delhi Road, Hissar-125044 (Haryana) on 14th August, 2010

.....  
\*\* 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,

.....  
.....  
.....

If undelivered, please return to :

**Prakash Industries Limited**

Corporate Office

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

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

Web: www.prakash.com