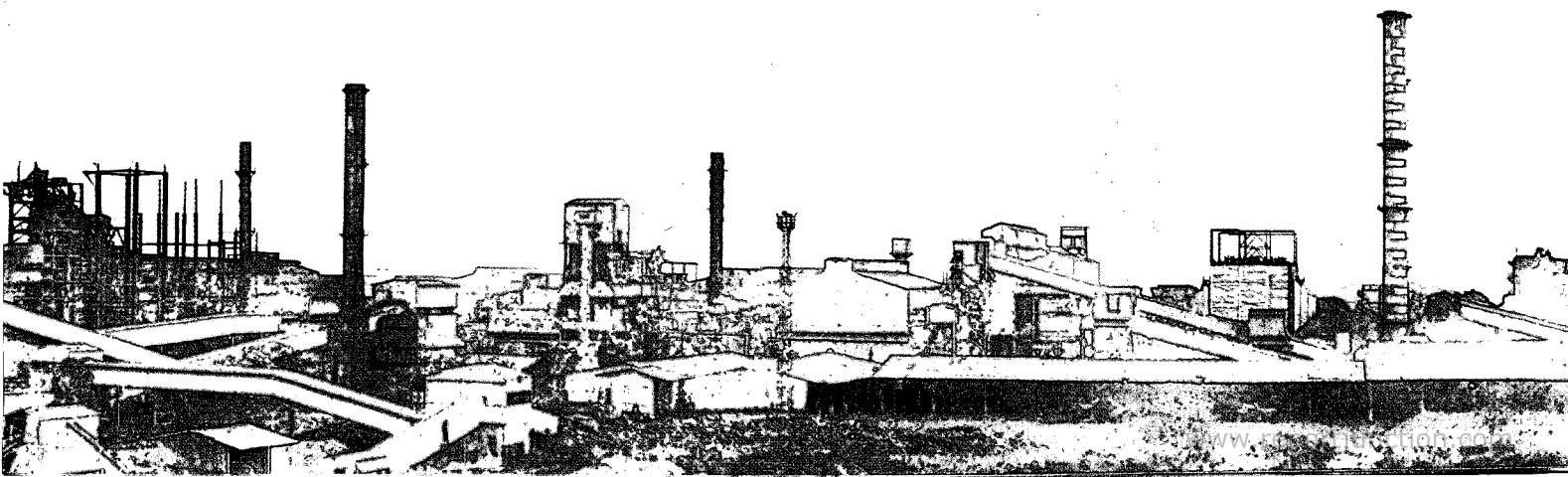


ANNUAL
REPORT
2006-07



PRAKASH INDUSTRIES LIMITED



PRAKASH INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri V. P. Agarwal	Chairman & Managing Director
Dr. S. L. Keswani	
Shri K. C. Mehra	
Dr. Ram K. Vepa	
Shri Manish Bahl	
Shri S.K. Mandal	(IFCI Nominee)
Shri Vikram Agarwal	
Shri G. L. Mohta	Whole - time Director
Shri Vipul Agarwal	Whole - time Director

STATUTORY AUDITORS

Chaturvedi & Partners
Chartered Accountants

BANKERS

Punjab National Bank
State Bank of India
State Bank of Travancore
State Bank of Patiala
Central Bank of India

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

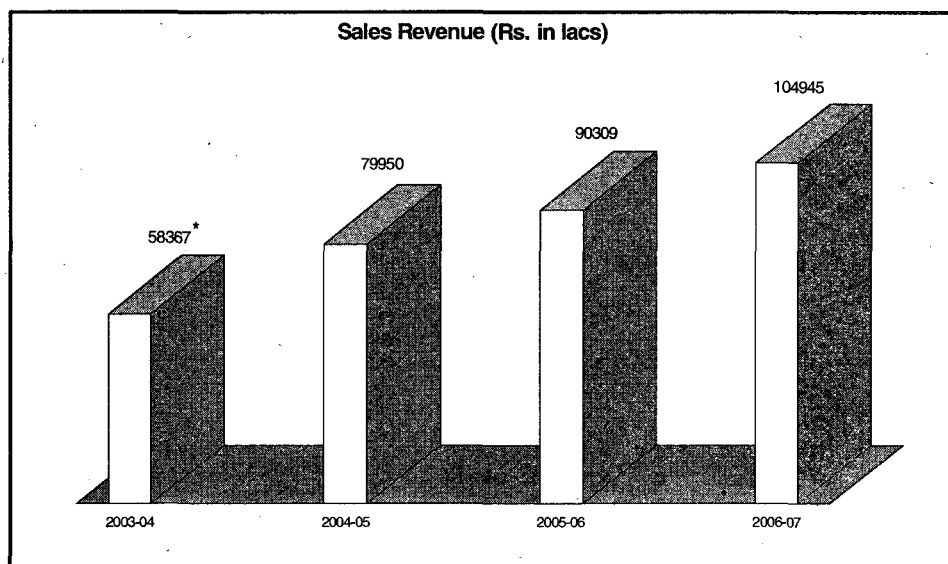
Report  Junction.com

WORKS

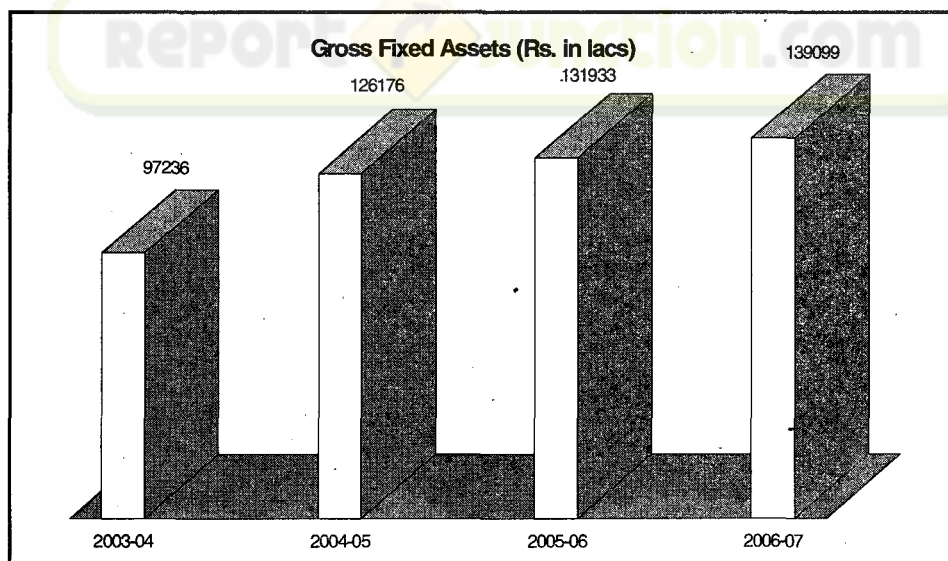
Champa (Chhattisgarh)
Chotia (Chhattisgarh)
Raipur (Chhattisgarh)
Kashipur (Uttaranchal)
Pithampur (Madhya Pradesh)
Koirā, Distt. Koenjhar (Orissa)
Silvassa (UT of Dadra and Nagar Haveli)
Muppandal (Tamil Nadu)

WEBSITE

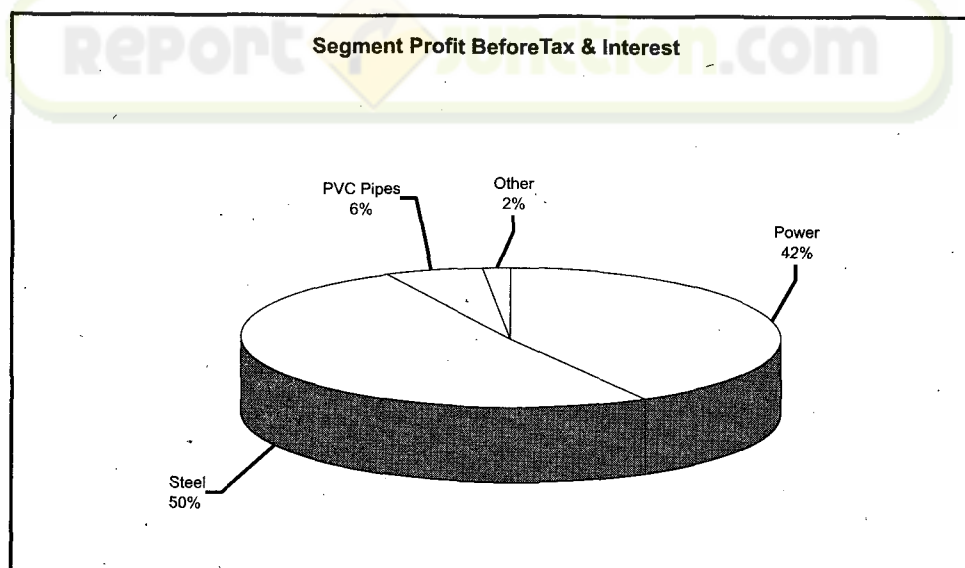
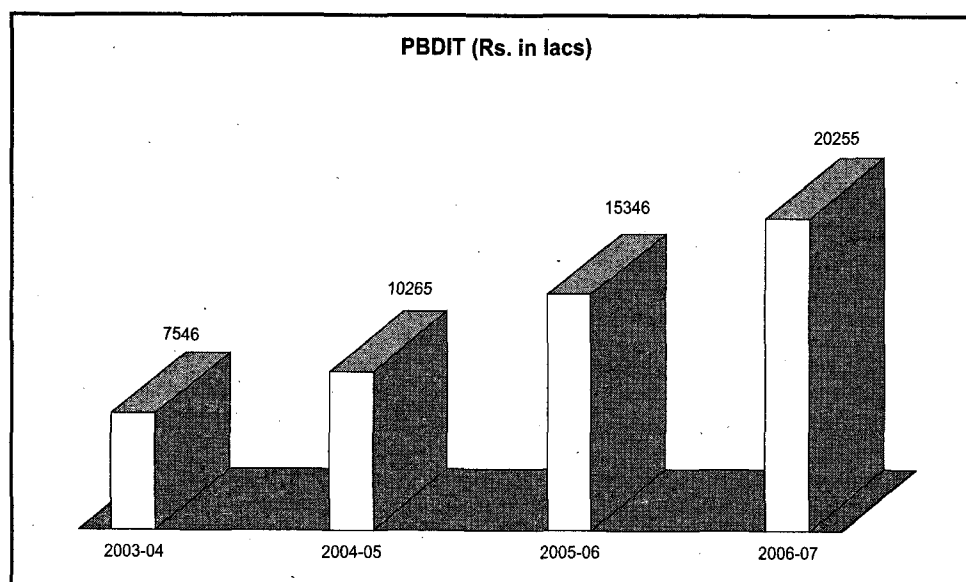
www.prakash.com

PRAKASH INDUSTRIES LIMITED

* For comparison figures are derived as net of inter-divisional sales/transfers



PRAKASH INDUSTRIES LIMITED



PRAKASH INDUSTRIES LIMITED**NOTICE**

NOTICE is hereby given that the 26th Annual General Meeting of the Members of Prakash Industries Limited will be held on wednesday, the 5th September, 2007 at 12.30 p.m. at the registered office of the Company at 15 Km. Stone, Delhi Road, Hissar – 125044 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2007 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 Shri G.L. Mohta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Vipul Agarwal, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint Auditors and fix their remuneration. The terms of appointment of M/s Chaturvedi & Partners, Chartered Accountants expire at the conclusion of this general meeting and being eligible offers themselves for appointment to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000 as also of any other applicable laws, rules, regulations and guidelines (including any amendment thereto or re-enactment thereof) and the enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges and subject to all such approvals, consents, permissions and/or sanctions from all appropriate authorities, including the Securities and Exchange Board of India (SEBI), Government of India, Reserve Bank of India and Stock Exchanges, consent of the shareholders be and is hereby accorded to the Board of Directors of the Company (the Board) to offer, issue and allot in one or more tranches and upon such terms and conditions and in such manner as may be deemed appropriate by the Board, not more than 12135990 Warrants at a price of Rs.68 per warrant with an option to subscribe to one Equity Share of Rs.10 each per warrant (i.e. at a premium of Rs.58 per share) to Barclays Capital Mauritius Limited or its nominee(s) by way of preferential allotment.

RESOLVED FURTHER THAT the 'relevant date' for determining the issue price of the resultant equity shares in accordance with the SEBI Guidelines shall be 5th August 2007.

RESOLVED FURTHER THAT the Equity Shares to be allotted by the Company on conversion of the Warrants shall rank pari-passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all such steps and to do all such acts, deeds, matters and things including without limitation making any filings with any regulatory, supervisory or governmental authorities and to execute all deeds, documents and agreements and to issue offer documents, placement document, prospectus etc. as it may in its absolute discretion deem necessary or desirable and also to settle any question, doubt or difficulty that may arise with regard to the offer, issue and allotment of equity shares and utilisation of proceeds".

By order of the Board
For Prakash Industries Limited

Registered Office:
15 Km. Stone,
Delhi Road,
Hissar – 125044 (Haryana)
Dated : 6th August, 2007

(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 AND THE 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 Report to the meeting as spare copies will not be available.
4. Register of Members and Share Transfer Books will remain closed from 31st August, 2007 to 5th September, 2007 (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 Number.
 - 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. 26th February, 2001 are being traded in DEMAT form only. Those of the shareholders of the Company who may like to have their shares in demated form may send their shares through their respective DPs for demat.
7. 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) **Resume of 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 G.L. Mohta joined the Board of the Company in the year 1998.

Shri G.L. Mohta is a Chartered Accountant and has a long working experience of over 30 years. He is working as a Whole-time Director w.e.f. 2nd May, 1998 in Prakash Industries Ltd and because of his vast experience, his re-appointment would be beneficial to the Company.

Shri G.L. Mohta is not holding Directorship in any other Company.

As on 31st March, 2007 Shri G.L. Mohta is holding 600 equity shares of Prakash Industries Ltd.
 - b) **Resume of 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 joined the Board of the Company in the year 2000.

Shri Vipul Agarwal is a Chartered Accountant and has a long working experience of over 20 years. He is working as a Whole-time Director w.e.f. 18th March, 2000 in Prakash Industries Ltd. and because of his vast experience, his re-appointment would be beneficial to the Company.

Shri Vipul Agarwal is not holding Directorship in any other Company.

As on 31st March, 2007 Shri Vipul Agarwal is not holding any equity shares of Prakash Industries Ltd.

PRAKASH INDUSTRIES LIMITED

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

Item No.5.

To finance the expansion plans of the Company it is proposed to raise funds by way of issuing warrants, convertible into equity shares of the Company, to Barclays Capital Mauritius Limited or its nominee(s).

The warrant holder may exercise its right within the stipulated period of 18 months for conversion of the warrants into equity shares, consistent with the requirements set forth under Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000 including any amendments thereto.

An amount equal to 10% of the price of each warrant shall be paid upfront by the allottee(s) and the same shall be adjusted against the price payable for the allotment of the equity shares on conversion of warrants. Further in the event, the option of conversion of warrants into equity shares is not exercised by the warrant holder, in terms of this resolution, the upfront payment of 10% shall stand forfeited.

The Warrants and the Equity Shares allotted upon the conversion of the warrants to Barclays Capital Mauritius Limited or its nominee(s) shall be subject to lock-in of such period as stipulated under the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

As per guidelines issued by SEBI, the price of convertible equity warrants to be allotted is not to be less than as ascertained on the following basis:

- The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date.
- The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

The price of Rs.68 of the warrants convertible into equity shares has been calculated as per the above guidelines on the relevant date i.e. 5th August, 2007 being 30 days prior to the date of the Annual General Meeting which is 5th September, 2007.

A certificate from M/s Chaturvedi & Partners, the Statutory Auditors of the Company, to the effect that the issue of warrants on preferential basis to Barclays Capital Mauritius Limited or its nominee(s) and shares arising out of conversion of warrants is in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000, has been obtained and shall be available for inspection of Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of meeting and also at the meeting.

A letter of intent to subscribe for the warrants has been obtained from the proposed allottee(s) and shall be available for inspection of Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day prior to the date of meeting and also at the meeting.

Disclosure Pursuant to Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000

1. Object of the issue:

To raise funds for meeting part capital expenditure for the expansion and modernisation plans of the Company and/or General Corporate purposes.

- None of the Promoters / Directors / Key management person would be subscribing to the warrants proposed to be issued pursuant to this resolution.

- The share holding pattern before and after the issue of shares on exercising the option of conversion of warrants:

Category	Pre-issue (as on 30.06.07)		Post-issue	
	No. of Shares held	% age holding	No. of Shares held	% age holding
Promoters	67438377	61.74	67438377	55.57
Non Promoters:				
Mutual Funds / UTI	1654654	1.51	1654654	1.36
Financial Institutions / Banks	5260	0.01	5260	0.01
Insurance Companies	1839666	1.68	1839666	1.52
Foreign Institutional Investors	2250	0.00	12138240	10.00
Non-Resident Indians	39342	0.04	39342	0.03
Bodies Corporate	21459114	19.65	21459114	17.68
Resident Individuals / HUF	16785251	15.37	16785251	13.83
Total	109223914	100.00	121359904	100.00

The post issue shareholding pattern is on the assumption that:

- All the warrants offered to the proposed allottee(s) are fully subscribed and allotted.
 - Post warrants-conversion equity percentages of other categories of shareholders remain same
 - All proposed warrants holder(s) will exercise their option for conversion into Equity Shares of the Company
- The allotment of convertible warrants is proposed to be completed with a maximum period of 15 days from the date of Annual General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority, the allotment shall be completed within 15 days from the date of receipt of such approval.
 - The Identity of the proposed allottee(s), their shareholding pre issue and post issue of Equity Shares on conversion of warrants is as below:

Identity of proposed allottee(s)	Pre-issue		Post-issue	
	No. of shares held	% of holding	No. of shares held	% of holding
Barclays Capital Mauritius Ltd. or its nominee(s)	-	-	12135990	10.00

Your Director recommend the resolution for your approval as a **special resolution**.

None of the Directors are concerned or interested in the proposed resolution.

By order of the Board
For Prakash Industries Limited

Registered Office:
15 Km. Stone,
Delhi Road,
Hissar – 125044 (Haryana)
Dated : 6th August, 2007

(Manoj Agarwal)
Company Secretary

PRAKASH INDUSTRIES LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the 26th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS

	For the year ended 31 st March, 2007	(Rs. in Lacs) For the year ended 31 st March, 2006
Sales and other income	1,05,077.25	90,385.94
Profit before Interest,		
Depreciation & Tax	20,255.11	15,346.08
Depreciation	4,590.64	4,857.92
Financial Expenses	2,575.30	1,833.44
Expenses Amortised	258.43	-
	12,830.74	8,654.72
Liabilities written back	2445.10	115.88
Profit before tax	15,275.84	8770.60
Provision for Taxes	1,996.77	1,623.30
Profit after tax	13,279.06	7,147.29
Transfer to Preference Capital		
Redemption Reserve	368.62	-
Carried over to next year	12,910.44	7,147.29

PERFORMANCE

During the year under review, the Company achieved sales revenue of Rs.1051 crores as against Rs.904 crores in the previous year thereby registering a growth of approx. 16 % over the previous year. The profit before depreciation and interest amounted to Rs.202.55 crores as against Rs.153.46 crores in the previous year showing growth of 32%. After providing for interest, depreciation and tax, the net profit of the Company after extraordinary items increased substantially to Rs.132.79 crores during the year under review from Rs.71.47 crores in the previous year registering a growth of 86%.

OPERATIONAL REVIEW

The last financial year has been one of the most eventful years in the history of the Company. The Company has successfully commenced operation of its Captive **Coal Mines at Chotia** and the Board takes immense pleasure to report that the mines have been operating uninterrupted from day one with excellent quality product and have achieved **peak production levels** in the very first year of its operation. The mines were commissioned in a **record period** of 33 months despite several challenges, which is a feat in itself and has been appreciated by the Government of India. Also, the Company has been conferred with the Annual **Mines Safety Award** for the Mines in the first year itself. In addition to the Chotia Coal Block allotted to the Company, another coal block namely **Madanpur Coal Block** in the State of Chhattisgarh has been allotted to the Company jointly with others.

In the present times when the availability of Iron Ore and its ever increasing prices have been an issue of grave concern, the Company never undermined the significance of Captive **Iron Ore Mines** and with its vigorous efforts achieved success with the grant of Prospecting Licence in its favour for

Kawardha Iron Ore Mines in the State of Chhattisgarh. The Mines have suitable rich iron ore reserves. The Company is taking effective steps for making the mines operational and the mining operations are expected to be started by April 2009. In addition the Company has already been allotted Sirkaguttu Iron Ore mine in Sundergarh District of Orissa for which also necessary steps are being taken to obtain various Government approvals.

Another landmark for the Company is the setting up of **Wire Rod Mill** the production of which started in a very short period and the product quality is comparable to international standards. The unit has performed exceedingly well in its very first year of operations. With the establishment of Wire Rod Rolling Mill, the Company is now consuming 100% of its steel production in house resulting in much higher value addition and integration. With this the Company is now fully integrated comprising of Mining, Sponge Iron, Steel, Power, Structurals and Wire Rod and has the highest value addition through backward and forward integration.

The performance of the Company during the year has been extremely well in both the core segments of its operations viz Steel and Power. Both the Sponge Iron Kilns have operated efficiently without any major problem. There has been a significant improvement in the operating parameters of the kilns both in terms of quality and volumes. This is largely due to various concerted efforts of the management towards improved quality of raw material and other cost control measures. Production of liquid metal and structurals have also registered a growth of approx 10% and 15% respectively in volumes. The Power Division also continued to do well and has recorded all time high generation during the year.

The Rigid PVC Pipe division continued with good performance and has recorded its highest production in the current financial year. In view of the growing demand of PVC Pipes, the division is expected to further improve the performance in the current year. The Company also continued with the export of Iron ore fines and has achieved growth of more than 65% in the current year. Regarding other divisions, the performance during the year has also been satisfactory.

As a result of the continuous and consistent efforts of the management, the Company has been able to restructure its debts with majority of the financial institutions and banks, which has improved the gearing of the Company reflecting a healthy balance sheet. The Company is hopeful that with this improved state of affairs, it would be able to pursue and take up its future growth plans much faster. The Company proposes to take up enhancements and modernization in its Sponge Iron, Mild Steel, Structurals, Wire Rod, Ferro Alloys and Power generation capacities. In this direction, the Company has already commissioned a **new Structural Rolling Mill** at Raipur, which is expected to double the production of structurals and has also completed **modernization of Wire Rod Mill**. These steps are expected to generate around 30% additional sales revenue during the current year together with the improved profitability.

With the operations of captive coalmines, other value addition measures and modernization and expansion in capacities being taken by the Company, the financial performance of the Company is expected to register further substantial improvement during the current year.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

The Company is fully conscious of its responsibilities towards the society and continues to fulfill the same in the right earnest. The Company has always taken active interest and participated in the social welfare of the community

PRAKASH INDUSTRIES LIMITED

and in rendering assistance for growth and development of the people in the surrounding areas.

The management has undertaken several programmes for welfare of the society and upliftment of the economically weaker section. The Company has adopted 500 villages in the surrounding areas of its plants in the State of Chhattigarh for setting up **Coaching Centres** for harnessing the potentials of the young children of the area and providing them an opportunity to develop into responsible citizens of the country. The Company is also actively participating in development of an **Engineering College** in Korba area and has also assisted in providing financial assistance to various primary schools. The Company is also organizing regular camps in the areas around its plants where medicines are distributed free of cost. Also the Company is organizing the **Mid Day Meal Programme** for providing food to poverty-stricken school children in and around Delhi through 'Food For Life', a non-profit organization.

The Company is also focused on careful management of the environment related issues. During the year, the Company has taken various steps to protect the environment and maintain the ecological balance in and around its plants and establishments. An effective Environment Management System (EMS) is also in place in the Company. The Company continues to maintain **ISO 9002 and ISO 14001 status**. The Company has set up a Waste Water Treatment Plant for reuse of wastewater and also has Rain Water Harvesting System. The efforts taken by the Company towards harnessing the environment have been recognized by the various agencies, which is reflected in the **Green Tech Safety Award 2007** and **Chhattigarh Paryavran Puraskar - 2007** conferred on the Company.

RE-ISSUE OF FORFEITED SHARES

During the year Company has re-issued 1,09,10,808 equity shares on 13th May, 2006 which were earlier forfeited due to non receipt of allotment/call money from the shareholders.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the annual accounts for the financial year ended 31st March, 2007, 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, 2007 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 provision 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 Auditors of the Company, 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 14th July, 2007

V. P. Agarwal
Chairman & Managing Director

PRAKASH INDUSTRIES LIMITED**MANAGEMENT DISCUSSION AND ANALYSIS****Industrial Structure & Developments**

The global boom in the steel industry being witnessed since the past 4-5 years, continued with the trend during the year under review also. Although the steel prices generally remained stable during the year, however they peaked towards the last quarter. Globally, the steel demand is expected to continue with the upward trend in the coming times also and taking into account the upcoming expansions in the steel capacities in India and other Asian countries like China, major portion of the increased demand is likely to be met therefrom.

Further, in the Asian Market perspective in particular, the demand continues to hold strong, since the per capita steel consumption in the emerging economies, particularly India and China, is still much below the consumption norms in developed countries. Also, huge domestic economic development is expected with focus on infrastructure development, due to which also the demand for steel is expected to remain buoyant.

Regarding the raw material prices, which constitute a major percentage of the total costs continued to remain firm during the year. However, the iron ore prices, which had been on an ever increasing spree have been much less volatile during the year and appear to have been stabilized. Also, based on the industry reports it appears that the raw material prices have already peaked and may continue to trade close to these levels only. As such the Company's bottom line appears to be safe guarded against any further vagaries in the raw material prices, as has been the trend in the past.

To tide over the persisting power crisis in the country, the Indian Government is encouraging private investments in the power sector. With this many private companies have been attracted to venture into power. The management also perceives mammoth business opportunities in the power sector in future and is therefore increasing its presence and focusing more in this sector.

Opportunities and threats

The growth of the steel and power companies is to a substantial extent, governed by the growth rate of the economy, thrust on development of infrastructure facilities and consequent investment and spending on infrastructure. The poor infrastructure facilities in the country like lack of proper roads, inefficient ports and airports are the biggest impediments to the growth of the economy. However, with the Government now taking firm steps for upgradation of these facilities and with the increased participation of private sector, this is bound to attract huge investment in the years to come. The Company is always on a constant vigil to grab the opportunities and to optimally utilize the resources available within. In the present scenario, the companies which are not able to implement effective cost control measures and which are not fully integrated would face the threat of extinction. Since

the Company has substantially integrated operations, it does not foresee any threat to its business in the near future.

Segment Wise /Product Wise Performance / Outlook

The Company's core competence area continues to be power, mining and steel. The Company is primarily engaged in power generation, manufacturing of Sponge Iron, Mild Steel, Structural, Wire Rod and mining activities. The Company has achieved appreciable volumes growth in all the divisions. The operations of the captive coal mining block allotted to the Company commenced during the year under review. This has resulted in substantial cost savings to the Company and significantly improved the profit margins of the Company. Also, the Wire Rod Mill, which was commissioned last year, successfully completed its first year of operations. This has enabled the Company to provide more exhaustive product range before its customers. In addition, the PVC Pipe Division continued to operate at optimum capacity utilization level and the performance of the division has been satisfactory.

Risks & Concerns

The major risk hounding the steel companies is the volatile nature of the steel prices on one hand and limited availability of iron ore on the other, which is the basic raw material in steel making. Inconsistent supplies of iron ore coupled with the spiraling prices is a major area of concern for the Company. However, as a result of its continuous efforts, Company has been able to obtain prospecting license for iron ore mines in Chhattisgarh and Orissa. The Company is hopeful that once these mines become operational, it shall not be under any threat as far as iron ore is concerned.

Internal Control System and their adequacy

Company has proper and adequate internal control systems, which are commensurate with the size and nature of business. These systems are regularly reviewed to ensure their adequacy and efficacy. Regular internal audits are conducted on a quarterly basis covering all functional areas and the internal auditors reports are placed before the Audit Committee of the Board of Directors, which reviews these reports. Also the Company follows proper Budgeting system and the actual performance is evaluated against the same. The auditors report also mentions that the internal control systems being exercised by the Company are adequate and reliable.

Human Resources / Industrial relations

The Company is being managed by a team of able and experienced professionals. The total strength of the employees and labour stands at close to 5000. The relations between the management, staff and labour have been cordial throughout the year.