



ANNUAL REPORT 2007-08

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PRAKASH INDUSTRIES LIMITED



PRAKASH INDUSTRIES LIMITED

BOARD OF DIRECTORS

Shri V. P. Agarwal
Dr. S. L. Keswani
Shri K. C. Mehra
Dr. Ram K. Vepa
Shri Manish Bahl
Shri Vikram Agarwal
Shri G. L. Mohta
Shri Vipul Agarwal

Chairman & Managing Director

Whole - time Director

Whole - time Director

STATUTORY AUDITORS

Chaturvedi & Partners
Chartered Accountants

BANKERS

State Bank of India
Barclays Bank
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

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

WEBSITE

www.prakash.com

PRAKASH INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 27th Annual General Meeting of the Members of Prakash Industries Limited will be held on Saturday, the 27th September, 2008 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, 2008 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 Manish Bahl, 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.

By order of the Board
For Prakash Industries Limited

Registered Office:
15 Km. Stone,
Delhi Road,
Hissar - 125044 (Haryana)
Dated : 26th July, 2008

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 23rd September, 2008 to 27th September, 2008 (both days inclusive).
5. Members are requested to:
 - i) Quote their Folio/ Client & D.P. 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. Members 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 (be to made available on demand) for the purpose to the Corporate /Registered Office of the Company.

8. **Information as required under Clause 49 IV(G) of the Listing Agreement with respect to the Directors who are retiring by rotation and being eligible seeking re-appointment is as under:**

- a) **Resume of 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 joined the Board of the Company in the year 1987.

Dr. Vepa is a retired IAS officer having worked in various capacities in the States and Central Government. 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 a Director in any other Company.

As on 31st March, 2008 Dr. Ram K. Vepa is holding 3281 equity shares of Rs.10/- each of Prakash Industries Ltd.

- b) **Resume of Shri Manish Bahl proposed for re-appointment as Director:**

Shri Bahl retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment,

Shri Bahl joined the Board of the Company in the year 1993.

Shri Bahl is a retired IAS officer having worked in various capacities in the States and Central Government. Shri Bahl was serving as Secretary to the Government of India, in the Ministry of Tourism at the time of his retirement. He has vast experience of administration. Because of his vast experience, his re-appointment would be beneficial to the Company.

Shri Bahl is also Director of BWL Ltd. and member of two Committees of that Company.

As on 31st March, 2008 Shri Manish Bahl is holding 1750 equity shares of Rs.10/- each of Prakash Industries Ltd.

9. **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 110 061 to update the records.

By order of the Board
For Prakash Industries Limited

Registered Office:
15 Km. Stone,
Delhi Road,
Hissar - 125044 (Haryana)
Dated : 26th July, 2008

Manoj Agarwal
Company Secretary

PRAKASH INDUSTRIES LIMITED**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the 27th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

	(Rs. in Lacs)	
	For the year ended 31 st March, 2008	For the year ended 31 st March, 2007
Sales and other income	1,42,329.84	1,05,077.25
Profit before Interest,		
Depreciation & Tax	30,028.55	20,255.11
Depreciation	4,767.85	4,590.64
Financial Expenses	4,145.76	2,575.30
Expenses Amortised	258.43	258.43
	20,856.51	12,830.74
Exceptional items	(940.31)	2445.10
Profit before tax	19,916.20	15,275.84
Provision for Taxes	44.03	1,996.77
Profit after tax	19,872.17	13,279.06
Balance brought forward	23,923.74	11,013.30
	43,795.91	24,292.36
Transitional Provision for Employees Benefits	(62.36)	-
	43,733.55	24,292.36
Transfer to General Reserve	30,000.00	-
Transfer to Preference Capital redemption reserve	231.38	368.62
Transfer to Debenture redemption reserve	3,457.67	-
Carried over to next year	10,044.50	23,923.74

PERFORMANCE

During the year under review, the Company has achieved sales revenue of Rs.1423 crores as against Rs.1051 crores in the previous year thereby registering a growth of approx. 35% over the previous year. The profit before depreciation and interest amounted to Rs.300 crores as against Rs.203 crores in the previous year showing growth of 48%. After providing for interest, depreciation and tax, the net profit of the Company (after exceptional items) increased substantially to Rs.199 crores during the year under review from Rs.153 crores in the previous year registering a growth of 30%.

OPERATIONAL REVIEW

Your Directors are pleased to inform you that the Company has achieved a record sales revenue of Rs.1423 crores during the year. The production levels in the entire chain of integrated operations of the Company were also the highest achieved so far. As a result of various steps taken in the past years the Company is now fully integrated and is consuming 100% of its steel production in house for manufacture of high value added products. As a result of appreciable improvement in capacity utilization together with improvement in the realization, the Company has been able to maximize its operating margins.

The only concern, which still continues is the unprecedented increase in the raw material prices particularly iron ore. The efforts of the Company in this direction have finally achieved success with the grant of rights over an iron ore mine in Distt. Kabirdham in the State of Chhattisgarh having rich iron ore deposits. In addition the Company has also got rights over an iron ore mine in Sundergarh Distt. of Orissa State. The Company is taking steps to obtain various clearances from the State/Central Government with respect to the above mines to make them operational by the beginning of next financial year. Your Directors are confident that the Company will be largely insulated from the vagaries of iron ore supplies by the next financial year.

The Rigid PVC Pipe Division continued with good performance and has recorded its highest ever production in the current financial year. The unit commands an excellent brand value for its product and has a strong presence in Northern India. The Company is increasing the capacity of the unit and also adding further value added products. As a result the division is expected to further improve the performance in the years to come. Since the Company's core business is steel and power, it was considered advisable and in the interest of the Company to focus on these sectors only. In view of this the Worsted Woolen Yarn unit of the Company is being sold off.

Projects

The Company has already completed expansion in its Structural Rolling Mill and has doubled the capacity. With this the Company is now one of the largest producer of structural steel in the country. The Wire Rod Mill set up by the Company has performed exceedingly well and the product quality is comparable with international standards. The Company has further taken up an ambitious expansion plan of doubling its steel making capacities in its entire chain of operations viz. Sponge iron, Pig iron, Power and Finished Steel Segment so that the Company continues to be fully integrated. The estimated investment in all these projects is likely to be over Rs.1000 crores which is proposed to be funded fully from the internal accruals of the Company in the coming years.

With the growing importance of power sector in the country, the Company has taken several steps to become a major player in this field too. The Company has signed two different MoUs with Chhattisgarh State Government to set up power plants of 1325 MW. In addition the Company has signed MoU with Madhya Pradesh State Government to set up a power plant of 1400 MW in the State. The Company is now taking various effective steps like procurement of land, entering into arrangements for evacuation and sale of power, obtaining environment clearances and ensuring long term coal supplies for these projects.

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

ENVIRONMENT AND SOCIAL RESPONSIBILITY

Company has always believed in adopting environment friendly technology based on CDM (Clean Development Mechanism). Installing Waste Heat Recovery Boilers and Energy Efficiency improvement projects are few of the steps taken by the Company in this direction. Considering their importance a separate department headed by a senior officer has been created to look after the pollution related matters and funds earmarked for this purpose. An effective Environment Management System (EMS) is also in place in the Company. A Water Treatment plant for reuse of waste water has been set up. The Company has also installed a Rain Water Harvesting System. The efforts made by the Company towards harnessing the environment have been recognized by various agencies, which is reflected in the Green Tech Safety Award 2007 and Chhattisgarh Paryavaran Puraskar - 2007 conferred on the Company.

PRAKASH INDUSTRIES LIMITED

As a conscious corporate entity, your Company is taking active interest in social welfare of the community. The Company is rendering assistance for growth and development of the people in the surrounding areas of the plants of the Company. The Company has adopted over 750 villages and has set up a number of coaching centres in those villages to imbibe knowledge in young children and develop their personalities.

Towards the upliftment of society and inculcate the spirit of education, the Company is providing financial assistance to a number of primary schools around the plant of the Company and also actively participating in the development of an Engineering college in Korba. Also the Company is organizing "Mid Day Meal Programme" for providing food to poor school children in and around Delhi through a non-profit organization.

In order to create greenery the Company has planted saplings and trees in and around factory area. The Company continues to maintain ISO 9002, ISO 14001 and OHSAS - 18000 Status.

ISSUE OF EQUITY SHARES & CONVERTIBLE WARRANTS

During the year Company has issued 1,21,35,990 warrants convertible into equity shares of Rs.10 each @ Rs. 68.61 each on 14th September, 2007 & 55,55,556 warrants convertible into equity shares of Rs.10 each @ Rs.80.00 each on 27th September, 2007 and 1,12,50,000 warrants convertible into equity shares of Rs.10 each @ Rs.190 each on 3rd January, 2008. The Company has also issued 62,50,000 Equity Shares of Rs.10 each @ Rs.190 each on 3rd January, 2008. During the year Company has received the amount of the calls due with regard to the re-issued forfeited 1,09,10,808 equity shares of Rs.10 each and now they stand fully paid.

DIRECTORS

In accordance with the provisions of section 256 of the Companies Act, 1956, Dr. Ram K. Vepa and Shri Manish Bahl 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, 2008, 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, 2008 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 26th July, 2008

V. P. Agarwal
Chairman & Managing Director

PRAKASH INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Developments

The Indian economy has continued to demonstrate firmness during the year and registered an impressive growth of over 8% particularly fuelled by manufacturing sector. Productivity across all sectors has shown marked improvement; however demand for steel in particular has seen a robust growth of over 12% backed by massive investment in infrastructure related projects. The rapid rise in production has resulted in India becoming the 5th largest producer of steel in the world. With continuing growth in the demand fuelled by sectors such as infrastructure, construction, housing etc. the demand for steel is likely to be robust during the next few years. Going forward, the long term growth outlook for the steel industry remains positive. Considering this, most steel industries have announced huge expansion plans, however there are serious concerns relating to land acquisition and rehabilitation issues which have affected the progress of all greenfield new projects. However, expansion plans of the existing steel manufacturers are on schedule and the country's steel capacity is expected to double in the next 4 - 5 years.

Regarding raw material the key resources used for manufacture of steel are iron ore and coal. Although India has one of the largest and richest deposits of iron ore in the world, the total material available for domestic consumption is limited as a major portion of the country's production is exported. With increased demand for iron ore and limited supplies, this has resulted in spiralling increase in the iron ore prices in recent times. Even global iron ore producers are aggressively negotiating their long term contracts. Similar is the scenario in the case of coal particularly coking coal which has also seen unprecedented rise in the prices. These factors have adversely affected the cost of production of all steel manufacturers and continues to be an area of concern.

Another factor which is also an integral part for the manufacture of steel is power. There is persistent power crisis in the country with a huge gap in demand and supply. Indian Government is encouraging private investment in the power sector and many private sector Companies have been attracted to venture into this sector. The Management seeing mammoth opportunity in this sector in future has entered into Memorandum of Understandings with State Governments to establish new power projects and substantially expand the existing capacity of its power plant.

Opportunities and threats

The Steel industry has been growing at a rate of over 12% and new capacities are being added. The demand for steel is expected to touch around 300 Mn MT by the year 2020 fuelled by the massive spending in infrastructure projects like power, roads, airports, ports and railways. Further there is a great potential of growth in the automobile and housing sectors which is likely to witness a phenomenal boom in the coming years. However, there are impediments in the growth potential on account of the rising cost of inputs. The rising prices of steel are likely to impact the cost structure of infrastructure projects and other major user of steel like automobiles, shipping and housing.

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. However, the Company has been able to procure coal mines to meet its requirements of coal which is one of the raw materials used for making steel and it has established power plants also for generating power for its own use. The concern is with regard to one of the major component of raw material viz iron ore whose price have been increasing day by day and in order to mitigate the worries the Company has made strenuous efforts and has obtained rights with respect to iron ore mines in different States which will insulate the Company from the vagaries of the iron ore market. As 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

Steel and Power are the two major planks on which the Company rides to achieve new industrial heights. The Company has achieved appreciable volumes growth in manufacturing of Sponge Iron, Mild Steel, Structural, Wire Rod and mining activities. The operations of the captive coal mining block allotted to the Company commenced last year which has resulted in substantial cost savings to the Company and significantly improved the profit margins of the Company. The Wire Rod Mill operation has enabled the Company to provide more exhaustive product range. Efforts are being made to increase the production capacities in these core competent areas. Since there was no demand of black and white picture tubes, so the operations of the same had to be closed. The PVC division operated to full capacity. Considering the rising demand of iron and steel worldwide and particularly in India, the outlook for the future is bright.

Risks and Concerns

Every business is marked by risks and risk is an expression of uncertainty about events which could have material impact on the business of the Company and it is always the endeavour of the management to minimize the risk inherent in the business and to maximize the return. The major risk being faced is the limited availability of iron ore, which is the basic raw material in steel making. However, with the strenuous efforts the management has been able to procure iron ore mines in Chhattisgarh and Orissa With the iron ore mines getting operational the Company will become fully integrated and does not foresee any risk to the business.

Internal Control System and their adequacy

Internal control systems are integral to the Company's corporate governance, its objective comprised:

- * Ensuring complete compliance with laws, regulations, standards and internal procedures and systems.
- * De-risking the Company's assets/resources and protecting them from any loss.
- * Ensuring the integrity of the accounting system; the proper and authorized recording and reporting of all transactions.
- * Ensuring a reliability of all financial and operational information.

The Company's internal control system provides for adequate documentation of policies, guidelines, authorities and approval procedures covering all the important functions at the Company. It has a proper and adequate system of internal control commensurate with the size and nature of its 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 review these reports. Budgeting is an integral part of internal control system. The Company at the beginning of the year prepares the annual budget and reviews the same on quarterly basis. Actual performance is evaluated against the budget and steps taken to rectify the short comings. There is thus an adequate and reliable internal control system in the Company and auditors have also mentioned as such in their audit reports.

Human Resources / Industrial relations

The number of employees have also increased with increased production capacities. The management has created a team of able and experienced professionals and technical personnel to manage the production and other affairs of the Company. Human Resource Department (HRD) works continuously for providing better facilities to the employees in office / factory premises as well as residential colonies. Regular trainings are being imparted to upgrade knowledge and skills of all types of employees to suit requirements of the Company. HRD looks after compliance with the laws applicable to the factories / operations. The relations between the management, staff and labour have been cordial throughout the year.

PRAKASH INDUSTRIES LIMITED**REPORT ON CORPORATE GOVERNANCE****INTRODUCTION**

The principles of Corporate Governance are based essentially on the existing legal and regulatory arrangements as well as the best prevailing practices followed by Corporate Sector. The framework of Corporate Governance is imbibed into the business since it emphasises on the long term prosperity of the Company. Since the Corporate Governance principles have become an important constituent of Corporate success, so the practice of good Corporate Governance has become a necessary pre-requisite for any corporation to manage effectively in the globalised market scenario.

The detailed report on implementation by the Company, of the Corporate Governance code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges, is set out below:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Prakash Industries Limited ("PIL") is committed to conduct its business strictly in compliance with the applicable laws, rules and regulations and with highest standards of business ethics. We at PIL believe that good Corporate Governance is a key contributor to sustainable corporate growth and creating superior value for our stakeholders. It is primarily concerned with transparency, accountability, fairness, professionalism, social responsiveness, complete disclosure of material facts and independence of Board. PIL uses its best endeavour to constantly comply with these aspects in letter and spirit in addition to the statutory compliances as required under Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTORS**i) Composition of Board**

The Board consists of eight Directors. The Chairman is an Executive Director and there are two Whole-time Directors. At any given point of time the number of Independent Directors was not less than 50% of the Board strength. Presently out of eight Directors four are independent Directors. All Directors, Executive or Non-executive, are professionally competent and highly experienced in their respective fields.

ii) Attendance of each Director at the Board meetings & last Annual General Meeting during the year 2007-08 and number of other Directorships and committee memberships/ chairmanships:

S.No.	Name of Directors	Category	No. of Board Meetings Attended	Last AGM Attended	No. of Directorships held in other Companies		No. of Committee positions held in other companies	
					Chairman	Director	Chairman	Member
1.	Sh.V.P.Agarwal Chairman & Managing Director	Promoter Executive	9	No	-	1	-	-
2.	Dr. S.L. Keswani	Non-executive Independent	9	Yes	-	10	1	2
3.	Dr. Ram K. Vepa	Non-executive Independent	8	No	-	-	-	-
4.	Sh.K.C. Mehra	Non-executive Independent	7	No	-	2	4	-
5.	Sh.Marish Bahl	Non-executive Independent	9	No	-	1	-	2
6.	Sh.R.C.Pandey/ Sh. S.K. Mandal (Nominee of IFCI)	Non-executive Independent	4*	No	-	2	-	-
7.	Sh.G.L.Mohta	Executive	8	Yes	-	-	-	-
8.	Sh. Vipul Agarwal	Executive	9	Yes	-	-	-	-
9.	Sh. Vikram Agarwal	Promoter Non-executive	8	Yes	-	7	-	-

* IFCI had withdrawn the nomination of Shri R.C. Pandey from the Board w.e.f. 14th July, 2007 and appointed Shri S.K. Mandal as nominee Director. IFCI also withdrawn the nomination of Shri S.K. Mandal from the Board of the Company w.e.f. 9th October, 2007.

PRAKASH INDUSTRIES LIMITED**iii) Pecuniary Relationship**

Independent Directors viz. Dr. S. L. Keswani, Dr. Ram K. Vepa, Sh. K. C. Mehra and Sh. Manish Bahl 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) Board's Functioning & Procedures

The Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at the Board Meetings with the permission of the Chairman.

The Board's role, functions, responsibility and accountability are clearly defined. In addition to its primary role of setting corporate goals and monitoring corporate performance, it directs and guides the activities of the management towards the set goals and seeks accountability with a view to ensure that the corporate philosophy and mission viz. to create long term sustainable growth that translates itself into progress, prosperity and the fulfilment of stakeholders' aspirations, is accomplished. It also sets standards of corporate behaviour and ensures ethical behaviour at all times and strict compliance with Laws and Regulations.

The items placed at the Meetings of the Board include the following :

- Managing Director's report on operations of all businesses including progress on ongoing projects.
- Minutes of Audit and other committees of Board of Directors.
- Opportunities for expansion, modernization, new projects, mergers, acquisitions and investments.
- Financial plans and budgets and updates / reviews thereof.
- Strategic and business plans and updates / reviews thereof.
- Corporate performance against strategic business plans.
- The unaudited quarterly financial results and the audited annual accounts of the Company.
- Financial statements such as cash flow, inventories, sundry debtors, and / or other liabilities or claims of substantial nature.
- Status of borrowings and details of material foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if any.
- Internal Control Systems and Business Risks assessment and steps for mitigation of risk.
- Delegation of powers to the management.
- Review compliance of all laws applicable to the Company including the requirements of the Listing Agreements with the Stock Exchanges and steps taken by the Company to rectify instances of non-compliances, if any.
- Major litigations by and against the Company.
- Communication to the Stock Exchanges, the Shareholders and the press regarding Company's performance, future plans and other decision / changes of significant importance or of price sensitive nature.

- Status report on the implementation of decisions taken at the Board Meetings.

All the items on the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial / business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

v) No. of Board Meetings

During the year 2007-2008 nine Board Meetings were held on 30th June, 2007, 14th July, 2007, 6th August, 2007, 25th August, 2007, 14th September, 2007, 18th October, 2007, 27th November, 2007, 19th January, 2008 and 27th March, 2008. 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	30.06.2007	9	8
2	14.07.2007	9	9
3	06.08.2007	9	9
4	25.08.2007	9	7
5	14.09.2007	9	8
6	18.10.2007	8	8
7	27.11.2007	8	6
8	19.01.2008	8	8
9	27.03.2008	8	8

3. COMMITTEES OF THE BOARD OF DIRECTORS:**a) AUDIT COMMITTEE****i) Terms, composition, names of members and chairman**

The Board of Directors had constituted an Audit Committee in the year 1990. Presently five Directors are members of the Committee and four of them are independent and fifth one is non-executive Director. The Committee also undertakes such other matters as delegated to it by the Board from time to time.

The basic terms of reference of the Committee include the following:

- Reviewing the adequacy of internal control systems and the internal audit reports and compliance thereof.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending the appointment / re-appointment of external auditors and fixation of their audit fees and also approval for payment of any other services.
- Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

PRAKASH INDUSTRIES LIMITED**The quarterly results were announced on:**

i) First Quarter (Unaudited)	31st July, 2007
ii) Second Quarter (Unaudited)	18th October, 2007
iii) Third Quarter (Unaudited)	19th January, 2008
iv) Fourth Quarter (Unaudited)	30th April, 2008

"Management Discussion & Analysis" forms part of the Annual Report

8. GENERAL SHAREHOLDERS' INFORMATION**a) Annual General Meeting:**

Date & Time	27 th September, 2008 at 12.30 p.m.
Venue	15 Km. Stone, Delhi Road, Hissar-125044

b) Financial Calendar:

Financial Year	1 st April to 31 st March
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c) Book Closure : 23rd September, 2008 to 27th September, 2008
(both days inclusive)**d) The Shares of the Company are listed on the following Stock Exchanges:**

S.No.	Name of the Stock Exchange	Stock Code
1.	Bombay Stock Exchange Ltd.	506022
2.	National Stock Exchange of India Ltd.	PRAKASH
ISIN No. of the Company		INE603A01013

e) Market Price Data :

Market price of Company's Equity Share of Rs.10/- each during the year from April, 2007 to March, 2008 at Bombay Stock Exchange (BSE) and National Stock Exchanges (NSE) are given below:

(Rs.)

Month	BSE		NSE	
	Highest	Lowest	Highest	Lowest
April, 2007	49.80	31.00	49.80	31.05
May, 2007	66.60	45.00	66.50	44.70
June, 2007	61.00	50.10	61.00	50.25
July, 2007	74.00	54.45	72.80	54.70
August, 2007	95.00	69.40	95.10	69.20
September, 2007	129.40	94.80	130.00	95.05
October, 2007	187.20	112.30	187.40	112.10
November, 2007	239.85	175.55	239.25	175.55
December, 2007	338.55	243.20	338.70	244.00
January, 2008	354.60	237.10	355.15	235.95
February, 2008	300.00	222.00	300.00	214.50
March, 2008	291.80	170.00	291.80	167.10

f) Distribution of Shareholding (As on 31st March, 2008)

No. of Equity Shares held	No. of Share Holders	% of Share Holders	No. of Shares	% of Share Holding
Upto 5000	36379	89.14	6329532	5.48
5001 - 10000	2343	5.74	1827486	1.58
10001 - 20000	954	2.74	1433838	1.24
20001 - 30000	320	0.78	812951	0.70
30001 - 40000	125	0.31	451448	0.39
40001 - 50000	125	0.31	595860	0.52
50001 - 100000	226	0.55	1702694	1.47
100001 - above	283	0.83	102320105	88.61
Total	40755	100.00	115473914	100.00

g) Shareholding Pattern (as on 31st March, 2008)

Category	No. of Shares	% of Shares Holding
Promoters & Promoter Group	60742652	52.60
Mutual Fund/ UTI	1291319	1.12
Financial Institutions / Banks	14360	0.01
Insurance Companies	1839666	1.59
Foreign Institutional Investors	11826977	10.24
Corporate Bodies	23280890	20.16
NRI's/ OBCs	122825	0.12
Public (Individuals)	16355225	14.16
Total	115473914	100.00

h) 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.

i) Dematerialisation of Shares :

The Company's shares are compulsorily traded in DEMAT form w.e.f. 26th 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 31st March, 2008; 69.46 % of Equity Shares of the Company were held in dematerialized form.

j) Listing Fee :

The Company has paid the listing fees upto the year 2008-09 of the Bombay and National Stock Exchanges where the shares of the Company are being traded.