

PRABHAV INDUSTRIES LIMITED

ANNUAL REPORT

2010-11

PRABHAV INDUSTRIES LIMITED

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PRABHAV INDUSTRIES LIMITED

CORPORATE INFORMATION

Board of Directors

☀	Jayesh Thakkar	:	Managing Director
☀	Vinod Shinde	:	Executive Director
☀	Chandrakant Gaikwad	:	Executive Director
☀	Chirag Gada	:	Non- Executive and Independent Director
☀	Bhavesh Desai	:	Whole- Time Director
☀	Ketan Patel	:	Additional Non- Executive Independent Director
☀	Nilesh Mistry	:	Additional Non- Executive Independent Director
☀	Ami Motta	:	Additional Non- Executive Independent Director

Bankers

- ☀ Uco Bank - Mid Corporate Branch, Vadodara
- ☀ Axis Bank - New Marine Lines Branch , Mumbai.
- ☀ HDFC Bank - Raopura Branch , Vadodara
- ☀ Standard Chartered Bank - Opp. VSNL, Mumbai.
- ☀ YES Bank - Horniman Circle Branch , Mumbai

Registered Office Address

902, Galav Chamber,
Opp. Sardar Patel Statue,
Sayaji Gunj,
Vadodara -390 005.

Auditors

Ms. N.R. Parikh and Co.
Chartered Accountants,
401, Paradise Complex
Behind Yashkamal Bldg,
Sayajigunj, Vadodara- 390 005

Registrar and Share Tranfer Agents

Link Intime India Pvt Ltd
B- 102 & 103, Shangrila Complex,
1st Floor, Opp. HDFC Bank,
Near Radhakrishna Char Rasta,
Akota, Vadodara- 390 020

PRABHAV INDUSTRIES LIMITED

MANAGING DIRECTOR'S MESSAGE

Dear Fellow Shareowners,

The world is witnessing an interesting phase of transformation, towards an unprecedented realignment and we are moving towards a multi-polar world; a new socio-economic dispensation in which the emerging economies have a far greater role to play in shaping the future than ever before. India is the poster boy of this new era, attracting global attention and scrutiny. Twenty years ago, the Government of India initiated the intrepid step towards economic liberalization, which eventually transformed India, and that process is still continuing. The economy has averaged 8% GDP growth in the last decade and per capita income has shot up from \$300 to \$1700 in two decades, accelerating domestic consumption and savings.

The inference is that even with modest foreign capital inflows, India can now afford an investment rate of 36- 38% of GDP, which can sustain 8- 9% GDP growth in the foreseeable future. Besides, unprecedented economic development has enhanced Government spending on socio-economic infrastructure.

There has been another visible advantage: Indian businesses, have successfully aligned their operations and mindset to global benchmarks, and have become multinationals in their own right. Something that was rare two decades ago. Even your company is no exception to this fact.

Although India, China and Latin America witnessed considerable economic activity in 2010-11 the US and Eurozone economies registered sluggish recovery. These economies are now fraught with uncertainties and looming recessionary trends. Inflation represents the new global economic challenge, leading to a spiraling rise in prices of commodities, mineral resources and energy. The global steel industry has been impacted by the unprecedented increase in the price of iron ore and coking coal. Steel demand in advanced nations has been largely stagnant, while Asia enjoyed robust demands with China continuing its march at the top of the league.

India's steel industry has played a major role in driving the country's economic development. Over the decades, India's 'steelscape' has also evolved, characterized by global acquisitions, adoption of advanced technologies and modernization strategies for cost rationalization and energy efficiency, and finally backward integration into global raw material sources. The result is that India today is the world's fifth largest steel producer and is poised to emerge as the second largest by 2015.

PRABHAV INDUSTRIES LIMITED

Although modest performance of India's construction and infrastructure sector in 2010, coupled with high input costs, has impacted the domestic steel sector, the long-term outlook remains robust. Firm international steel prices and strong domestic demand will drive domestic steel prices considerably. Besides, the government's estimated infrastructure spending is expected to drive the steel demand. The share of the government's infrastructure spending as a percentage of GDP is expected to touch 9% by the end of the 11th Five Year Plan.

WE- AT PRABHAV

The Decade gone by will be recorded in golden letters in the history of your Company. It was in this decade that your Company achieved triumph in creating an order book with such higher revenues generated from the manufacturing and Trading of Steel products.

The decade holds special significance for our successful foray into the primary steel segment. As a Company with no prior exposure to steel making, there were a few who took us seriously when we ventured on to this path. Defying many myths, we meticulously planned and rigorously executed our dream vision in a record time of less than five years. **A brief highlight of our success story is detailed as under:**

Performance Review

The year 2010- 11 was a year of diverse opportunities with the economy across the globe showing signs of resurgence and revival, though with some occasional hiccups, after the unprecedented financial meltdown. Against such a meltdown we delivered robust financial performance.

Your Company achieved a record net profit before tax of Rs. **38,56,092**. This sterling performance has been the upshot of improved global economic recovery, the ability of your Company to manage its resources optimally, product innovation, technology and delivery. Further, Strengthening prices, increased volumes and a strong focus on the operational efficiency have contributed to a substantial growth of the topline to Rs. 84,11,40,587 as compared to Rs. 2,95,35,648 in the preceeding year, thus registering an impressive growth of about 28 times. Further the Earnings per share of your Company's Shares have doubled as compared to the preceeding year, thus resulting in the overall accumulation of the Shareholders wealth.

PRABHAV INDUSTRIES LIMITED

Also our existing businesses achieved superlative performances and our production facilities helped us to consolidate our market position.

Ushering in a new Chapter

The preceding year saw some significant changes in your Company. Your management achieved significant success in yielding substantial revenues from the Manufacturing and Trading operations of MS Ignos. Despite volatile raw material prices we were able to close the year with a healthy order book of Rs 85 crore thus maintaining our identity of being one of the fastest growing steel companies in the World.

Future Outlook

Your Company functions in two business segments namely, **Manufacturing of Steel Products i.e. M.S. Ingot from M.S. Scrap** and **Trading in upstream as well as downstream metal products.**

The existing business segments enable your company to hedge as well as capitalize on volatility in the raw material prices. The trading division has facilitated us to maintain our profitability in this strenuous phase of uncertainty and anxiety.

In the course of balancing the existing business activity your company has acquired deep insight of commodities and capital markets and thus the Board of Directors considers it desirable to bank on its expertise and commence the Investment Business alongwith the main objects of the Company.

Growth Drivers

India's growth prospects over long- term appear most promising amongst major economies of the World. What India has delivered in the last decade is just an indication of what it is going to unfold over coming decades. And that puts your Company's prospects in the right perspective- at the right place, at the right time, with the right offerings. Once we complete all our ongoing and proposed expansions in primary and secondary steel segments, we shall certainly witness multiplier growth in our revenues, profitability and subsequently the valuation.

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The Road ahead

India's economy grew at 8.6% in the previous year, next only to China and this is certainly a remarkable achievement as it comes in the backdrop of a challenging period of global recession where few companies were even on the brink of bankruptcy and had to seek huge bailouts. With the world economy recuperating from recession, the Indian economy has successfully re-positioned itself on a faster growth trajectory. Further the Government's initiatives in taming inflation have brought positive results for the country and your Company.

The year 2010- 11 has been a robust year for us with a substantial rise in the Topline and Bottomline. What is even more encouraging is the sector outlook which is looking stronger. Further with the demand accelerating in the Middle East and Asian Markets for steel and steel products there is tremendous unexplored potentials. Prabhav is very well positioned to bank on these emerging opportunities. With all such initiatives we are confident of retaining our leadership positions in the market to ensure profitable growth.

Human Resource initiative and People's Excellence

Your Company firmly believes that Business Excellence is not an isolated enterprise. It is the outcome of integrity towards people and community, transparency towards stakeholders and an enduring commitment towards sustainable development. Further it also believes that it is only the inspired employees who are the key to uplift the organization to higher echelons of success. Thus we have been successful in maintaining an unprecedented low turnover of people through proactive Human resources initiatives.

The HR philosophy of your Company is to recruit fresh, young and talented people and nurture them to become the future leaders and entrepreneurs. Your Company encourages employees to come up with innovative ideas and projects to exhibit their entrepreneurial skills. Further your Company is an equal opportunity employer and encourages more and more woman employees to join us and take leadership position. Thus on behalf of my other fellow team members, I take this opportunity of expressing my deep regards and gratitude to the employees and the Stakeholders who have continued to repose trust in our abilities and extended support to us.

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Corporate Conscience

We acknowledge the roles and responsibilities of a corporate citizen. Despite our business priorities, our social commitment remains predominant. We are equally steadfast in our commitment to a cleaner and greener environment, and as we go along we will enhance our green quotient in terms of acquisition of more environment-friendly technologies, encouraging green practices in our plants and host communities globally and above all generate awareness about global warming and climate change.

Values when actively pursued with deep conviction can generate tremendous wellsprings of energy and focus. This is the true spirit and mantra of success for any organization and am proud to say that your Company has initiated efforts towards achievement of the same.



Our Gratitude

I would like to convey my sincere gratitude and appreciation to our Shareholders, Debenture Holders, Customers, Business Partners, Vendors, both international and domestic, Bankers, Financial Institutions and all other stakeholders for their consistent support and trust.

A compulsive dreamer, I continue to scan the horizon with optimism and conviction. The second fastest growing economy in the world will take its rightful place as an economic superpower. This will create huge opportunities for growth over the next decade. Thus I would like to assure the shareholders that your Company will play an important role in this India's growth story and we will continue to invest in projects, products and markets that would reinforce our position as one of the lowest cost steel producers in the world.

To conclude with I would like to mention that as we move forward to unlock the true potential of our investments, I invite each one of you to accompany us in our onward march to progress.

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

With Warm Regards,

Sd/-

Jayesh Thakkar

Managing Director

PRABHAV INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of **PRABHAV INDUSTRIES LIMITED** will be held on Friday, the 30th Day of September, 2011 at 9.00 A.M. at the Registered Office of the Company situated at 902, Galav Chamber, Opp. Sardar Patel Statue, Sayaji Gunj, Vadodara - 390 005 to transact the following Business Items:

ORDINARY BUSINESS:

ITEM NO 1:

To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.

ITEM NO 2:

To appoint a director in place of Mr. Vinod Shinde, who retires by rotation and being eligible, offers himself for reappointment.

ITEM NO 3:

To appoint a director in place of Mr. Chirag Gada, who retires by rotation and being eligible, offers himself for reappointment.

ITEM NO 4:

To re-appoint **M/s. N. R. Parikh & Co.**, Chartered Accountants as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS:

ITEM NO. 5

To consider and, if thought fit, to pass, with or without modification, the following resolution as ordinary resolution:

“RESOLVED THAT Mr. Ketan Patel, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 15th March, 2011 and who holds office upto the date of this Annual General Meeting and in respect of whom a notice in writing under section 257

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of the Companies Act, 1956 has been received from a member signifying his intention to propose him as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director liable to retire by rotation.”

ITEM NO. 6

To consider and, if thought fit, to pass, with or without modification, the following resolution as ordinary resolution:

“**RESOLVED THAT** Mrs. Ami Motta, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 1st September, 2011 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose her as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director liable to retire by rotation.”

ITEM NO. 7

To consider and, if thought fit, to pass, with or without modification, the following resolution as ordinary resolution:

“**RESOLVED THAT** Mr. Nilesh Mistry, who was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 1st September, 2011 and who holds office up to the date of this Annual General Meeting and in respect of whom a notice in writing under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose him as a candidate for the office of the Director of the Company, be and is hereby appointed as a Director liable to retire by rotation.”

ITEM NO.8

To consider and, if thought fit, to pass, with or without modification, the following resolution as special resolution:

“**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”), consent of the Shareholders of the Company be and is hereby accorded to re-appoint Mr. Jayesh Thakkar as the Managing Director of the Company for a period of five years with effect from 22nd November, 2011, upon the terms and conditions including remuneration, as are set out in the draft Agreement (“the Agreement”) to be executed between the Company and Mr. Jayesh Thakkar, with liberty to the Board of Directors of the

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Company (“the Board”) to alter and vary the terms and conditions of the Agreement in such manner as may be agreed to between the Board and Mr. Jayesh Thakkar and in accordance with the applicable provisions of the Act and any amendment thereto or re-enactment thereof.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized, where in any Financial Year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, to pay to the Managing Director the above remuneration as the minimum remuneration by way of salary subject to the limits prescribed in schedule XIII of the Companies Act, 1956 and any other applicable laws.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, any Director of the Company be and is hereby authorized to do all acts, deeds, matters and things as they may, in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

ITEM NO. 9

To consider and, if thought fit, to pass, with or without modification, the following resolution as special resolution:

“**RESOLVED THAT** pursuant to the provisions of section 149 (2A) of the Companies Act, 1956, consent of the members be and is hereby accorded to carry on the business activities as covered under sub-clause 22 of Clause C i.e. Other Objects, of the Memorandum of Association of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to take all such effective steps to implement the decision of the members of the Company as they may consider appropriate in the interest of the Company and to do all such acts, deeds and things from time to time for and on behalf of the Company.”

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ITEM NO. 10

To consider and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 31 and other applicable provisions, if any of the Companies Act, 1956, Article No. 50 and 51 of the Articles of Association of the Company be and are hereby replaced with the following new articles:

Forfeited share to become property of the company and may be sold

50. Any share or debenture so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot and cancel the said forfeiture or otherwise dispose off the same in such manner as the Board thinks fit.

Power to annul forfeiture/ re-allotment/ re-issue

51. Anytime before any share/debenture so forfeited shall have been sold, re-allotted, cancelled or otherwise disposed off, the Board of Directors may annul or cancel the said forfeiture upon such conditions as it thinks fit and may call for the money due on such shares/ debentures from the holders of such shares/ debentures.

51A Anytime after the re-issue of forfeited shares/ debentures and before the allotment of such shares/ debentures, the Board of Directors may cancel such re-issue before the receipt of payment against the Shares so re-issued or further may cancel the re-issue and refund the money received for such re-issue before allotment of said shares/debentures.

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)

Chairman and Managing Director

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

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NOTES:

1. The Members entitled to vote is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not to be member of the Company. The instrument appointing proxy shall be deposited with the Company at least 48 hours before the commencement of the meeting in order to be proxy being effective.
2. The Register of Members of the Company and the Share Transfer Books shall remain closed from **26th September, 2011 to 28th September, 2011 (Both days inclusive)**.
3. Additional information, pursuant to clause 49 of the Listing Agreement with Stock Exchanges, in respect of directors recommended for appointment/re-appointment at the Annual General Meeting, and the Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 are annexed hereto.
4. Intimate to the Company's Registrars and Share Transfer Agents, **Link Intime India Private Limited** (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an early date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;
5. **Members holding shares in physical form are requested to notify/send the following to the Company or Share Transfer Agent to facilitate better services:**
 - ☀ Any change in their address/mandate/bank details.
 - ☀ Share Certificates(s), held in multiple accounts in identical names or joint accounts in the same order of means, for consolidation of such shareholding into one account.
 - ☀ In order to prevent protection against fraudulent encashment of the warrants, members holding shares in physical form are requested to inform the following to the Company:
 - ♣ Name of the sole/ First Joint holder and the Folio Number
 - ♣ Particulars of Bank accounts Name of Bank, Complete address of Bank, account type, Bank account no. allotted by bank.
6. All documents referred to in the accompanying notice and explanatory statements are open for inspection at the registered office of the Company on all working days between 11:00AM to 1:00PM upto the date to Annual General Meeting.

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7. **Members are requested**

To bring copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting.

To quote their folio/identification Nos. in all correspondence.

To notify immediately for change of their address and bank particulars to the Company or its share Transfer Agent, in case shares are held in physical form.

AND

In case their shares are held in demat form; information should be passed on directly to their respective Depository Participant and not to the Company/ Share Transfer Agent, without any delay.

In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote.

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

ITEM No. 5

Mr. Ketan Patel was appointed as an Additional Director by the Board of Director w.e.f. 15th March, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the Company proposing his candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

None of the Directors, except **Mr. Ketan Patel** is concerned or interested in this resolution.

Your Directors recommend the passing of the resolution for your approval.

ITEM No. 6

Mrs. Ami Motta was appointed as an Additional Director by the Board of Director w.e.f. 1st September, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956.

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Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard your Company has received a request in writing from a member of the Company proposing her candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

None of the Directors, except **Mrs. Ami Motta** herself is concerned or interested in this resolution.

Your Directors recommend the passing of the resolution for your approval.

ITEM No. 7

Mr. Nilesh Mistry was appointed as an Additional Director by the Board of Director w.e.f. 1st September, 2011 in accordance with the provisions of Section 260 of the Companies Act, 1956.

Pursuant to Section 260 of the Companies Act, 1956 the above director holds office up to the date of the ensuing Annual General Meeting. In this regard your Company has received a request in writing from a member of the Company proposing his candidature for appointment as a Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

None of the Directors, except **Mr. Nilesh Mistry** himself is concerned or interested in this resolution.

Your Directors recommend the passing of the resolution for your approval.

ITEM No. 8

Mr. Jayesh Thakkar was appointed as a Managing Director of the Company on 23rd November, 2006 for a period of 5 years. Pursuant to this, his Tenure as a Managing Director shall cease on 22nd November, 2011.

He has played a pivotal role in steering your organization and making it accomplish higher horizons of success. It was only under his leadership that your Company could write its success story and reach the place where it stands today. Your Company wishes to take on record its appreciation for the valuable services rendered by him and considers it as a pleasure to have his valued association with the Company for another period of 5 years, subject to the approval of the Members.

Thus the Board of Directors of your Company in their meeting held on 1st September, 2011 approved the re- appointment of Mr. Jayesh Thakkar as the Managing Director for a period of 5 years w.e.f 22nd November 2011, subject to the approval of the Members on such terms and conditions as

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specified below. Further the proposed remuneration payable to him will be within overall limit of Schedule XIII of the Companies Act, 1956.

The brief terms and conditions of the re- appointment and remuneration of Mr. Jayesh Thakkar are as follows:

- ✦ He shall carry out such duties as may be entrusted to him subject to the supervision of the Board of Directors.
- ✦ His re-appointment as the Managing Director shall be for a period of 5 (Five) years w.e.f. 22nd November, 2011.
- ✦ The Remuneration shall be as per agreed between Board of Directors & Mr. Jayesh Thakkar, subject to the limit prescribed under 198, 269, 309 read alongwith Schedule XIII of the Companies Act, 1956 but not exceeding Rs. 5,00,000/- per annum.
- ✦ The terms and conditions of the said appointment may be altered and varied from time to time by the Board of Directors/Remuneration Committee as it may in its discretion, deem fit, within the maximum amounts payable to him as a Managing Directors in accordance with Schedule XIII to the Companies Act, 1956 and/or any amendments made hereafter in this regard.
- ✦ If, at any time, Mr. Jayesh Thakkar ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Managing Director and terms of the said Agreement shall terminate forthwith.

The copy of the terms and conditions governing the appointment of Mr. Jayesh Thakkar as the Managing Director of the Company is available for inspection by the members during business hours on any working day before the date of the Annual General Meeting.

The proposed resolution is required to be passed as a Special Resolution in accordance with the provisions of schedule XIII to the Companies Act, 1956 and as such, the Directors commend your approval.

None of the directors except Mr. Jayesh Thakkar himself is interested or concerned in this resolution.

The relevant abstract, as required under Section 302 of the Companies, 1956 had already been sent to the shareholders of the Company at the time of approval of the Board.

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ITEMS No. 9

Your Company functions in two business segments namely Manufacturing of Steel Products i.e. M.S. Ingot from M.S. Scrap and Trading in upstream as well as downstream metal products.

The existing business segments enable your company to hedge as well as capitalize on volatility in the raw material prices. The trading division has facilitated us to maintain our profitability in this strenuous phase of uncertainty and anxiety.

In the course of balancing the existing business activity your company has acquired deep insight of commodities and capital markets.

Your company has always focused on optimum utilization of its resources to achieve growth and create enormous value to its stake holders.

It is this principle that has helped your company to live up to every one's expectations and in our endeavor to achieve our long term goal, it shall be appropriate to exploit our strengths and venture into Investment business.

The financial markets globally are experiencing a bumpy ride and it is expected to be like this for some time. Indian markets have also been unpredictable on the back of the global as well as domestic uncertainties. However, the long term growth story of India is still intact and it shall be suitable to capitalize on the Indian growth story by establishing ourselves in the investment business.

After taking into account the financial markets and the pros and cons of the various aspects involved in the Investment business, the Board considered it possible and desirable to start the Company's activities by undertaking the above said business, which could be carried on most economically and profitably with the main objects of the Company.

The core activities of the Investment division shall include acquiring and dealing in various financial securities such as shares, debentures, bonds, obligations, securities issued by various Private as well as statutory authorities.

The Company is authorized to undertake the proposed business under Sub- Clause 22 of Clause C i.e. Other Objects of the Memorandum of Association of the Company. The Board is satisfied that the proposed business can be combined conveniently and advantageously with the existing business of the Company under the existing circumstances.

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According to section 149(2A) of the Companies Act, 1956, no Company can commence any new business unless the Company has approved the commencement of such new business by a special resolution passed in that behalf at a general meeting.

The Board commends this resolution for your approval.

The Company's Memorandum of Association is open for inspection at the Company's registered office during usual business hours on any working day.

None of the Directors of your Company is in any way concerned or interested in this resolution.

ITEM NO. 10

Pursuant to article 50 of the Articles of Association of the Company, the Board of Directors are authorized to sell, re-allot or otherwise dispose off, the forfeited shares in the manner they deem fit.

Further, Pursuant to article 51 of the Articles of Association of the Company, the Board of Directors are authorized to annul the forfeiture before such shares or debentures so forfeited have been sold, re-allotted or otherwise disposed off.

Now, it is proposed to enlarge the scope of the aforementioned articles so that the Board may have flexibility in execution of powers with regards to the cancellation of forfeiture, cancellation of re-issue, cancellation of forfeiture & further demand of calls in arrears.

Hence, the Articles of Association of the Company needs to be amended by replacing the earlier articles with the new ones as drafted by enlarging the scope of powers delegated to the Directors with respect to aforementioned business.

According to the Section 31 of the Companies Act, 1956, the Alteration in Articles of Association of the Company requires a special resolution passed by the members in that behalf at a general meeting.

Hence the aforementioned resolution is placed before the Members for approval.

None of the directors are interested or concerned in this resolution.

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)

Chairman and Managing Director

PRABHAV INDUSTRIES LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS

To

The Shareholders,

PRABHAV INDUSTRIES LIMITED

The Directors are pleased to present the Annual Report of your Company alongwith the Audited Financial Statements for the year ended 31st March, 2011.

FINANCIAL RESULTS:

Key aspects of your Company's financial performance for the year 2010- 11 are tabulated below:

Particulars	As on 31st March 2011 (Amount in Rs.)	As on 31st March 2010 (Amount in Rs.)
Income	84,11,40,587	2,95,35,648
Expenses	83,16,32,020	2,80,56,135
Net Profit before Depreciation and Tax	95,08,567	14,79,512
Depreciation	56,52,475	4,73,387
Net Profit before Tax	38,56,092	10,06,126
Provision for Taxation	21,19,400	93,089
Net Profit after Tax	17,36,692	9,13,037
Earnings Per Share	0.04	0.02

OPERATIONAL REVIEW:

After witnessing a worldwide downturn in all spheres of business including in the steel industry in second half of 2008-09, your company remained focused on its fundamentals including expansion plans. It was only the result of the concerted and collective action undertaken by your Company's Management that your Company could achieve such an handsome growth in revenues during the year under review.

The revenues of the Company improved significantly across its businesses with an upshot in the gross revenue to Rs. 84,11,40,587 as compared to Rs. 2,95,35,648 in the preceeding year, thus registering an impressive growth of about 28 times.

Further it has always been your Company's endeavor to continually uphold the interest of its stakeholders and this can be reflected from the increase in the bottom line and the earnings per

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share of your Company. The Bottom line of your Company recorded an increase of about 90% as compared to the preceeding year. Further the Earnings per share of your Company's Shares have doubled as compared to the preceeding year, thus resulting in the overall accumulation of the Shareholders wealth.

The Directors of your Company are Optimistic towards the future plans of the Company and are confident of achieving higher margins in the years to come.

FUTURE OUTLOOK:

Your Company functions in two business segments namely, **Manufacturing of Steel Products i.e. M.S. Ingot from M.S. Scrap** and **Trading in upstream as well as downstream metal products.**

The existing business segments enable your company to hedge as well as capitalize on volatility in the raw material prices. The trading division has facilitated us to maintain our profitability in this strenuous phase of uncertainty and anxiety.

In the course of balancing the existing business activity your company has acquired deep insight of commodities and capital markets and thus the Board of Directors considers it desirable to bank on its expertise and commence the Investment Business alongwith the main objects of the Company.

The core activities of the Investment division shall include acquiring and dealing in various financial securities such as shares, debentures, bonds, obligations, securities issued by various Private as well as statutory authorities.

The aforesaid resolution along with the necessary explanatory statement, for commencing the Investment Business is proposed in the Notice of this Annual General Meeting and the said notice forms the part of this Annual Report.

We commend the resolution for your approval.

DIVIDEND:

After considering the financial results for the financial year, your Directors are of the opinion that it is prudent that no dividend be declared for the year under review so that the profits earned in the financial year can be ploughed back and utilized towards various growth and other expansion plans.

PRABHAV INDUSTRIES LIMITED

AUDIT COMMITTEE:

The Company has duly constituted its Audit Committee pursuant to the provisions of Section 292A of the Companies Act, 1956 & Clause 49 of the Listing Agreement.

Presently the Audit Committee of your Company comprises of Mr. Chirag Gada, Non-Executive Independent Director as Chairman of the Committee, Mr. Ketan Patel, Non-Executive Independent Director and Mr. Jayesh Thakkar, Managing Director as the Members of the Committee.

Hence the Company has maintained the requisite combination of Independent & Non-Independent Directors in the Composition of the Audit Committee.

It is further stated that the Board of Directors of the Company have accepted all the recommendations of the Audit Committee.

SECRETARIAL AUDIT REPORT:

As a measure of Good Corporate Governance practice, the Board of Directors of the Company has obtained a Certificate from Practicing Company Secretary on the basis of Secretarial Audit of the Company. This is to certify that the Company has complied with all the applicable provisions of the Companies Act, 1956, Depositories Act, 1996, Listing Agreements with the Stock Exchanges, Securities Contracts (Regulation) Act, 1956 and all the Regulations and Guidelines of SEBI as applicable to the Company, including the Securities and Exchange Board (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

ACCEPTANCE OF FIXED DEPOSITS:

The Company has not accepted any fixed deposits from general public within the purview of Section 58A, of the Companies Act, 1956, during the year under review.

CHANGES IN COMPOSITION BOARD OF DIRECTORS:

Directors Retiring by Rotation

In accordance with the provisions of section 257 the Companies Act, 1956, Mr. Vinod Shinde and Mr. Chirag Gada, Directors of your Company retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board wishes to place on record their appreciation for the services rendered by them as the Directors of the Company.

PRABHAV INDUSTRIES LIMITED

The Proposals regarding the re- appointment of the aforesaid Directors are placed for your approval.

Your Directors commends their appointment for their approval.

None of the Directors, except Mr. Vinod Shinde and Mr. Chirag Gada are interested or concerned in the resolution.

Re- appointment of Additional Directors

The Board of Directors of your Company had appointed Mr. Ketan Patel, Mrs. Ami Motta and Mr. Nilesh Mistry as the additional Directors to hold office till the commencement of the Annual General Meeting.

The Board wishes to place on record their appreciation for the services rendered by them as the Directors of the Company and commends their appointment for your approval.

The notice proposing their candidature as the directors of the Company has been already received by the Company.

None of the Directors, except Mr. Ketan Patel, Mrs. Ami Motta and Mr. Nilesh Mistry are interested or concerned in the aforesaid resolution.

Re - appointment of Managing Directors

Mr. Jayesh Thakkar was appointed as a Managing Director of the Company on 23rd November, 2006 for a period of 5 years. Pursuant to this, his Tenure as a Managing Director shall cease on 22nd November, 2011.

He has played a pivotal role in steering your organization and making it accomplish higher horizons of success. It was only under his leadership that your Company could write its success story and reach the place where it stands today.

Your Company wishes to take on record its appreciation for the valuable services rendered by him and considers it as a pleasure to have his valued association with the Company for another period of 5 years, subject to the approval of the Members.

The relevant resolution proposing his re- appointment has been included in the Notice to the annual report.

PRABHAV INDUSTRIES LIMITED

Your are requested to accord your consent to his re- appointment.

A brief profile of all the aforesaid Directors is provided under “**Schedule A**” of this report.

DISCLOSURE OF CHANGES IN THE CAPITAL STRUCTURE OF THE COMPANY:

The present Capital structure of the Company comprises of Rs. 46,08,91,000 divided 4,60,89,100 fully paid Equity Shares of Rs. 10/-.

Pursuant to the decisions taken by the Board in their Meeting held on 27th August, 2010 and the Annual General Meeting held on 30th September, 2010, the Board of Directors in their Meeting held on 18th October, 2010 allotted 25,00,000 (Twenty Five Lacs) Convertible Equity Warrants to **Cameron Realty Private Limited**, an entity forming part of the Promoter and Promoter Group, on a Preferential Basis.

Each Warrant entitles the holder to apply for and be allotted one equity share of the Company of par value of Rs. 10/- each, at a price of Rs. 102/- per Equity Share, at any time within 18 months from the date of allotment of Warrants, i.e., within 17th April, 2012.

During the year under review, the Warrant holder did not exercise the option to convert any of the Warrants held by it into Equity Shares of the Company.

Post Conversion the Paid- up Share Capital of the Company shall stand at Rs. 48,75,91,000 divided into 4,87,59,100 fully paid Equity Shares of Rs. 10/-.

PROCEEDS OF PREFERENTIAL ALLOTMENT:

During the year, your Company allotted 25,00,000 Convertible Equity Warrants to **Cameron Realty Private Limited**, an entity forming part of the Promoter and Promoter Group, on a Preferential Basis.

The proceeds received towards the subscription of Warrants are being utilized for the purpose of meeting the working capital requirements of the Company.

AUDITORS:

The Company's Auditors **M/s. N.R. Parikh & Co.** retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

Your Company has received confirmation from the Auditors to the effect that their reappointment, if made would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

PRABHAV INDUSTRIES LIMITED

You are requested to appoint auditors to hold such office from this Annual General Meeting up to the conclusion of next Annual General Meeting and fix their remuneration.

AUDITORS REPORT:

The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2010 does not does not contain any qualification.

Further the observations furnished by the Auditors in their report is self- explanatory and do not call for any further comments.

PARTICULARS OF EMPLOYEES:

During the year under review, no employee of the Company was in receipt of remuneration exceeding the sum prescribed under section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975, hence the requirement for furnishing a separate disclosure does not arise.

CORPORATE GOVERNANCE:

Your Company has documented internal governance policies and put in place a formalized system of Corporate Governance which sets out the structure, processes and practices of governance within the Company.

A separate section on Corporate Governance forming part of the Annual Report and a certificate from the Statutory Auditor confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY:

Corporate Social Responsibility (CSR) is the responsibility of an organization for the impacts of its decisions and activities on society, the environment and its own prosperity. For any organization, CSR begins by being aware of the impact of its business on society.

PRABHAV INDUSTRIES LIMITED

Prabhav's Social Objective is synonymous with Corporate Social Responsibility (CSR). Apart from the business of manufacture of Steel Products, the objective of the company is to conduct business in ways that produce social, environmental and economic benefits to the communities in which it operates.

Further your Company also reaffirms its commitment to contribute towards a clean sustainable environment and continually enhancing its environmental performance as an integral part of its business philosophy and values.

HUMAN RESOURCE MANAGEMENT REVIEW:

Your Company has always believed in the ideology of achieving excellence through investing in people and technology simultaneously and thus it continues to work for the development and realization of best potential of its people. To promote motivational climate and achieve growth, your Company has continued to undertake efforts for optimal utilization of manpower with focus on improvement in their productivity.

Further the efforts were also initiated for promoting better employee participation at all the levels. Thus the HR initiatives undertaken mainly focused on building teams with wider spectrum with reference to skill and knowledge.

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 that:

- ✦ In the preparation of the accounts for the Financial Year ended 31st March, 2011; the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- ✦ The Directors have selected such Accounting Policies and applied them consistently and made judgments 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 the profit of the Company for the year under review;
- ✦ The Directors have taken proper and sufficient care for the maintenance of the 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;

PRABHAV INDUSTRIES LIMITED

✦ The Directors have prepared the Accounts for the Financial Year ended 31st March, 2011 on a going concern basis.

ENTERPRISE RISK MANAGEMENT:

Enterprise Risk Management (ERM) policy has been framed for identification of key risk areas and formulates appropriate risk mitigation plans for taking corrective action in a time bound manner.

DISCLOSURE OF MATERIAL CHANGES SINCE THE END OF THE FINANCIAL YEAR ENDED 31ST MARCH, 2011

There has not been any material change in the nature of business or operations of the Company since the end of the financial year ended 31st March, 2011 till the date of this Annual Report.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is provided separately as an annexure to the Director's Report.

ACKNOWLEDGEMENT:

Your Directors wish to place on record their gratitude for the continued support and patronage rendered by the Government of India, various State Government departments, Financial Institutions, Banks and various stakeholders, such as, shareholders, customers and suppliers, among others. The Directors also commend the continuing commitment and dedication of the employees at all levels, which has been critical for the Company's success. The Directors look forward to their continued support in future.

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)

Chairman and Managing Director

PRABHAV INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS REPORT

“Schedule A

Details of the Directors Seeking Appointment/Re-Appointment at the Forthcoming Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Vinod Shinde	Chirag Gada
Age	29 Years	29 Years
Date of Appointment on the Board	7 th October, 2010	11 th February, 2008
Shareholding of Non-Executive Directors	Nil	Nil
Relationship between directors inter-se	None	None

Name of the Director	Ketan Patel	Ami Motta
Age	31 Years	37 Years
Date of Appointment on the Board	15 th March, 2011	1 st September, 2011
Shareholding of Non-Executive Directors	Nil	Nil
Relationship between directors inter-se	None	None

Name of the Director	Nilesh Mistry	Jayesh Thakkar
Age	26 Years	47 Years
Date of Appointment on the Board	1 st September, 2011	23 rd November, 2006
Shareholding of the Directors	Nil	2,25,300
Relationship between directors inter-se	None	None

“Schedule B”

“Information as per section 217(1)(e) read with the companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of Director’s Report for the year ended 31st march 2011.

CONSERVATION OF ENERGY

Your Company has always Promoted the efforts taken to conserve the energy and has always employed various schemes for the same wherever possible to achieve the optimum utilization of the Energy and subsequently reduction in the cost of production.

PRABHAV INDUSTRIES LIMITED

Your Company have, on the suggestions of experts initiated various measures in the areas where energy reduction and fuel and oil conservations are possible.

FORM-"A"

FORM FOR DISCLOSURES OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY POWER AND FUEL CONSUMPTION.

♣ ELECTRICITY

Particulars		2010-11	2009-10
Purchased (Unit in Lacs)	Rs.	60.03	5.35
Total Amount (in Lacs)	Rs.	238.47	26.70
Rates/Unit		5.00	5.00
Consumption of Electricity per unit of Production			
M.S. Ignot	Per MT		650 units

FORM-"B"

☀ RESEARCH AND DEVELOPMENT (R&D)

The Company has been carrying out the Research & Development Activities at its Workplace and the same has resulted into following improvements:

- ♣ Increase in Production efficiency
- ♣ Optimum utilization of Raw Materials & resources
- ♣ Cost Reduction.
- ♣ Improvement in quality of the products
- ♣ Reduction in Pollution

☀ TECHNOLOGY ABSORPTION

The Company has made consistent efforts towards Technology Absorption, Adaptation and Innovation. Further the Research & Development activities has helped in the quality control. The Company has also been planning for the adoption of the upgraded technology so that better quality product can be produced.

PRABHAV INDUSTRIES LIMITED

Particulars of technology in the last five years:

- (a) Technology Imported NIL
(b) Year of Import NIL
(c) Had Technology been fully absorbed NIL



FOREIGN EXCHANGE EARNING AND OUTGO :

Sr. No.	Particulars	2010-11	2009-10
(a)	Foreign Exchange Earned	NIL	NIL
(b)	Foreign Exchange Used	NIL	NIL
	(CIF value of imports & expenditure in foreign currency)	NIL	NIL

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)

Chairman and Managing Director

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

PRABHAV INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance framework at **PRABHAV INDUSTRIES LIMITED** has been a continuous journey and the business goals of the Company are aimed at the overall well-being and the welfare of all the constituents of the system. Your Company has laid down a strong foundation for making Corporate Governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organization and putting in place best systems, process and technology. The company combines a leading edge technology and innovation with superior application and customer service skills.

At the heart of the Company's Corporate Governance policy is the ideology of transparency and openness in the effective working of the management and the board. It is believed that the imperative for good corporate governance lies not merely in drafting a code of Corporate Governance but also practicing it.

Your Company effectively confirms the compliance of the Corporate governance, the details of which are enumerated below:

BOARD OF DIRECTORS:

☀ Appointment and Tenure:

The Directors of your Company are appointed at duly constituted Board Meetings or by the Shareholders at the General Meetings. All Directors, except the Managing Director & Whole Time Director are liable to retire by rotation. If eligible, they generally offer themselves for re- appointment, in accordance with the provisions of section 256 and 257 of the Companies Act, 1956 and that of the Articles of association of the Company.

☀ Composition of the Board:

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors so as to have a balanced structure. Presently the Board of your Company comprises of **8** Directors, 4 of whom are Executive Independent directors. The Chairperson of the Board is an Independent Non- executive director.

The number of Independent Director is 4 which is in compliance with the stipulated one half of the total number of Directors. The Independent Directors are persons of eminence and play

PRABHAV INDUSTRIES LIMITED

a very pivotal role in ensuring transparency in the operations of the Company, thereby facilitating the best interests of the stakeholders. Further none of the Directors are related to any other director on the Board in terms of the definition of “**Relative**” given under the Companies Act, 1956.

None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees (as specified under clause 49 of the Listing Agreement) across all the Companies in which he/ she is a director. The necessary disclosures in respect of the committee positions and other directorship held by all the Directors have been provided under “**Schedule A**” and “**Schedule B**” of this report.

Board Meetings and Procedures:

A. Institutionalized Decision Making

The Board of Directors oversees the overall functioning of the Company. The Board provides and evaluates the strategic direction of the Company, management policies and their effectiveness and ensures that the long- term interests of the Company are served. The Chairman is assisted by the Executive Directors in overseeing the functional matters of the Company.

The Board has constituted **3 standing committees**, namely, Audit Committee, Investor Grievance Committee and the Remuneration Committee. The Board constitutes additional functional committees from time to time, in line with the needs of the Business activities.

B. Scheduling and selection of the Agenda Items for the Board Meetings

A minimum of Four Meetings are held every year. Dates of the Board Meetings in the ensuring quarter are decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company. In case of the business exigencies or urgency of the matters, resolutions are passed by circulation.

The Meetings of the Board are usually convened at the Registered Office of the Company and regular communication of the decisions taken at the Meetings is sent to the Stock Exchanges, on which the shares of the Company are listed, and other Regulatory authorities.

All the departments of the Company are advised to schedule their work plans well in advance, with regards to the matters requiring the discussion/ approval/ decision of the Board/ committee meetings.

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Further in addition to the items which are mandated to be placed before the Board for its noting and/ or approval, information is provided on various significant items.

C. Distribution of Board Agenda Material

Agenda and Notes on Agenda are circulated to the Directors, in advance in the defined Agenda format. All the material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are considered.

D. Recording of Minutes of proceedings of Board and Committee Meetings

The Minutes of the proceedings of each Board and Committee Meetings are recorded in the Minutes Book at regular intervals. Draft minutes are circulated to all the members of the Board/ committee for their comments. The final minutes are entered in the minutes book within 30 days from the conclusion of the meeting and are signed by the Chairman of the meeting/ Chairman of the next meeting.

E. Post Meeting Follow- up Mechanism

The Company has an effective post meeting follow- up, review and reporting process mechanism for the decisions taken by the Board/ Committees. The important decisions taken at the Board / Committee meetings are communicated to the concerned functional heads promptly.

F. Compliance

While preparing the Agenda, Notes on agenda, Minutes etc. on the Meeting(s), adequate care is taken to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the rules made there under.

G. Details of the Meetings of the Board of Directors

In 2010-11, the Board of the Company met **Twelve times** in the year on the below- mentioned dates:

PRABHAV INDUSTRIES LIMITED

Date of the Board Meetings	Agenda Items Transacted
15th May, 2010	Consideration of the Unaudited Financial Results for the quarter ended 31st March, 2010
13th August, 2010	Consideration of the Unaudited Financial Results for the quarter ended 30th June, 2010
27th August, 2010	Approval of the Notice convening the annual General Meeting, Increase in the Authorized Share Capital and appointment of scrutinizer for conducting the Postal Ballot Process, etc
2nd September, 2010	Shifting of the Corporate Office of the Company.
18th October, 2010	Allotment of 25,00,000 Convertible Equity Warrants to cameron Realty Private Limited, an entity forming part of the Promoter and Promoter group.
11th November, 2010	Consideration of the Unaudited Financial Results for the Quarter ended 30th September, 2010 and Appointment and Resignation of Directors.
22nd December, 2010	Raising of Monies through FCCBs, ADRs, GDRs, ECBs, QIPs, Increase in the Authorized Share Capital of the Company, Approval to the ESOPs, and alteration of the Object Clause of the Company.
24th January, 2011	Appointment of Ketan Patel as the Director of the Company.
31st January, 2011	Resignation of Ketan Patel from the Directorship of the Company
12th February, 2011	Consideration of the Unaudited Financial Results for the Quarter ended 31st December, 2010
1st March, 2011	Shifting the Registered Office within the Local Limits of the State.
15th March, 2011	Appointment of Ketan Patel as the Director of the Company.

The maximum gap between any two board meetings was less than four months.

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“Schedule A”- Disclosure of the Shares held and the Meetings attended by the Directors.

Name	Designation	No. of Meeting Attended	If AGM attended	Shares Held
Mr. Jayesh Thakkar	Managing Director	11	Yes	2,25,300
Mr. Bhavesh Desai	Whole Time Director	12	Yes	NIL
Mr. Vinod Shinde	Executive Director	11	Yes	NIL
Mr. Chandrakant Gaikwad	Executive Director	11	Yes	NIL
Mr. Chirag Gada	Non- Executive Independent Director	12	Yes	NIL
Mr. Yatin Thakkar*	Non Executive/ Independent Director	5	Yes	NIL
Mr. Ketan Patel**	Additional Director (Non- Executive Independent Director)	0	Not Applicable	NIL
Mrs. Ami Motta#	Additional Director (Non- Executive Independent Director)	0	Not Applicable	NIL
Mr. Nilesh Mistry#	Additional Director (Non- Executive Independent Director)	0	Not Applicable	NIL

* Resigned on 11.11.2010

** Appointed on 15.03.2011

Appointed on 01.09.2011

“Schedule B”- Disclosure of the Committee Positions and Other Directorship held

Name of Director	Category	No. of the Directorships held in Other Companies	No. of Member-ships held in other Committees	No. of the Chairmanships held in other Committees
Mr. Jayesh Thakkar	Managing Director	3	3	Nil

PRABHAV INDUSTRIES LIMITED

Mr. Bhavesh Desai	Whole Time Director	Nil	Nil	Nil
Mr. Vinod Shinde	Executive Director	Nil	Nil	Nil
Mr. Chandrakant Gaikwad	Executive Director	Nil	Nil	Nil
Mr. Chirag Gada	Non- Executive Independent Director	1	Nil	Nil
Mr. Yatin Thakkar*	Non Executive/ Independent Director	Nil	Nil	Nil
Mr. Ketan Patel**	Additional Director (Non- Executive Independent Director)	Nil	Nil	Nil
Mrs. Ami Motta***	Additional Director (Non- Executive Independent Director)	1	3	3
Mr. Nilesh Mistry****	Additional Director (Non- Executive Independent Director)	1	1	Nil

Training of the Board Members:

The Company believes that the Board be continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a whole. To this end, the Directors were given presentations on the global business environment, as well as all the business areas of the Company including business strategy, risks and opportunities.

COMMITTEES OF THE BOARD:

In order to ensure that the functions of the Board are discharged effectively and information disclosed in the financial statements are in compliance with the letter and spirit of law, the Board of your Company has formed several Committees.

The Committees appointed by the Board focus on specific areas and make informed decisions within the limits of the authority delegated. All the decisions and recommendations of the Committees are placed before the Board for information and are generally accepted by them.

PRABHAV INDUSTRIES LIMITED

Mainly the Board of your company comprises of 3 Committees namely:

- ✦ Audit Committee;
- ✦ Shareholders' Grievance Committee
- ✦ Remuneration Committee

1. AUDIT COMMITTEE:

The Audit committee of your Company has been constituted in accordance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. Further the Members of your Committee comprises of the Members possessing adequate knowledge of accounts, audit, finance, etc.

The Broad terms of reference of the Committee comprises of:

- ✦ Overview of the Company's financial reporting process, and disclosure of financial information, so as to ensure accuracy of information.
- ✦ Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of Audit fees.
- ✦ Reviewing with the Management the Annual Financial Statements before its submission to the Board for approval.
- ✦ Disclosure of any Related-Party Transactions;
- ✦ Reviewing, with the Management, the Quarterly Financial Statements before its submission to the Board,
- ✦ Performance of Statutory and Internal auditors, and adequacy of internal control.

The Audit Committee also undertakes review of such other matters as may be delegated by the Board from time to time.

Besides having access to all the required information from within the Company, the Committee can obtain external legal or professional advice, wherever required. The Committee can investigate any activity within its reference terms, seek information from any employee and also seek attendance of outsiders with relevant experience, if it so considers necessary. The Committee is empowered to

PRABHAV INDUSTRIES LIMITED

review the appointment/re-appointment of Internal Auditors as well as remuneration payable to them and recommend the same to the Board.

Constitution of the Committee and the Meetings Convened:

Five Meetings of the Audit Committee were held during the financial year ended 2010- 11, as against the minimum requirements of four meetings. The Constitution of the Committee together with the dates of the meeting and the details of the attendance of each member as at 31st March, 2011 are given below:

Sr. No	Directors	Date of the Meeting	Designation	No. of meeting Attended
1	Chirag Nemchand Gada	7 th May, 2010	Chairman	5
2	Yatin Thakkar *	27 th July, 2010	Member	4
3	Ketan Babubhai Patel **	5 th August, 2010	Member	NIL
4	Jayesh Raichand Thakkar	3rd November, 2010 12th February, 2011	Member	5

* Resigned on 11th November, 2010

** Appointed on 15th March, 2011

2. SHAREHOLDERS GRIEVANCE COMMITTEE:

Your Company has constituted a Shareholders Grievance Committee in line with the requirement of Clause 49 of the Listing Agreement and the main areas of the activities entrusted to the Committee are as follows:

- ✿ To supervise and ensure efficient share transfers, share transmission, transposition, etc;
- ✿ To approve allotment, transfer, transmission, transposition, consolidation, split, name change and issue of duplicate share certificate of Equity Shares of the Company;
- ✿ To redress shareholder complaints like non-receipt of Balance Sheet, non-receipt of declared dividends, etc;
- ✿ To review service standards and investor service initiatives undertaken by the Company;
- ✿ To address all matters pertaining to Registrar and Transfer Agent including appointment of new Registrar and Transfer Agent in place of existing one;

PRABHAV INDUSTRIES LIMITED

- ☛ To address all matters pertaining to Depositories for dematerialization of shares of the Company and other matters connected therewith; and
- ☛ To attend to any other responsibility as may be entrusted by the Board to investigate any activity within terms of reference.

Composition of the Committee:

The members of the Shareholders/Investors' Grievance Committee comprises of the following Directors, two of who are independent:

Sr. No.	Directors	Designation
1	Chirag Nemchand Gada	Chairman
2	Yatin Thakkar *	Member
3	Ketan Babubhai Patel **	Member
4	Jayesh Raichand Thakkar	Member
5	Mr. Bhavesh Desai	Member

* Resigned on 11th November, 2010

** Appointed on 15th March, 2011

Mr. **BHAVESH DESAI**, Whole Time Director is the Compliance Officer for complying with the requirements of SEBI Regulations, and the Listing Agreement with the Stock Exchanges in India. His correspondence and other contact details are as follows:

Name and Designation of Compliance Officer: BHAVESH DESAI

902, Galav Chambers,

Opp. Sardar Patel Statue,

Sayaji Gunj, Vadodara- 390 005

Tel No. 0256-2361100

PRABHAV INDUSTRIES LIMITED

Investor Grievance Redressal:

Number of the Complaints received and resolved to the satisfaction of the Shareholders/ Investors during the year under review and their break- up is as under:

Particulars	Status
Pending at the beginning of the year	Nil
Received during the year	5
Redressed / Replied during the year	5
Pending at the year	NIL

3. REMUNERATION COMMITTEE:

Remuneration Committee which is one of the non- mandatory Clauses of the Listing agreement has been constituted by your Company and the brief terms of reference of the Committee are as follows:

- ☀ To determine on behalf of the Board and on behalf of the shareholders, the Company's policy on specific remuneration packages for Executive Directors.
- ☀ Review the performance of the Managing Director and the Whole-time Directors, after considering the Company's performance.
- ☀ Recommend to the Board remuneration including salary, perquisites and commission to be paid to the Company's Managing Director and Whole-time Directors.
- ☀ Finalize the perquisites package of the Managing Director and Whole-time Directors within the overall ceiling fixed by the Board.

One meeting of the Committee was held during the financial year under review.

The Composition of the Remuneration Committee as at 31st March, 2011 and the attendance of each member at the Committee meetings are given below:

Sr. No	Name of the Members	Category
1	Chirag Nemchand Gada	Chairman
2	Yatin Thakkar *	Member
3	Ketan Babubhai Patel **	Member

* Resigned on 11th November, 2010

** Appointed on 15th March, 2011

PRABHAV INDUSTRIES LIMITED

Remuneration Policy and Details of the Remuneration paid to the Directors:

The Remuneration Committee recommends the remuneration package for the Executive Directors on the Board. In framing the Remuneration policy, the Committee takes into consideration the remuneration practices of the companies of similar size and stature, the Industry Standards and competitive circumstances of each business so as to attract and retain talent and leverage performance significantly.

The Director's compensation is based on the appraisal system wherein their individual goals are linked to the organizational goals. Executive Directors (EDs) are paid compensation as per the agreements entered into between them and the Company, subject to the approval of the Board and the members in the General Meeting and such other approvals, as may be necessary.

The details of the Remuneration paid to the Executive Directors are mentioned herein under:

Name	Designation	Remuneration (p.a.)
Bhavesh Desai	Whole Time Director	1,19,000

DISCLOSURES:

Disclosure on materially significant related party transactions:

During the year, there were no transactions of material nature of the Company with the Promoters, Directors, Management, their relatives, or subsidiaries of the Company etc. that had potential conflict with the interest of the Company at large.

Details of non-compliance with regard to capital market:

There were no instances of non-compliances by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets.

Code of Conduct:

The Company has a Code of Conduct for all its Board Members and Senior Management personnel for avoidance of conflicts of interest. It has received necessary declarations affirming compliance with it from all of them during the period from 1.04.2010 to 31.03.2011. There were no material personal interests adverse to the interest of the Company and improper personal benefits received, as a result of his/her position by the Board Members/Senior Management personnel, which could lead to potential conflict of interest with the Company.

PRABHAV INDUSTRIES LIMITED

GENERAL BODY MEETINGS:

Details of the Annual General Body Meetings:

The Details of the date and the venue of the Annual General Meetings (AGMs) of the Company held during the preceding three years at Chinoi Building, Station Road, Vadodara-390 002 and the special resolutions passed there at are mentioned hereunder :

Year	Date of AGM	Special resolution passed
AGM	30/09/2010	 Rising of funds through the route of Preferential Allotment by issue of 25, 00,000 Convertible Equity warrants in accordance with the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.
AGM	30/09/2009	 Subdivision of Equity Shares from Rs. 10/- per share to Re. 1/- per share and Re-issue of forfeited Shares
AGM	29/09/2008	No Special Resolution was passed in this AGM

Details of the Extra- Ordinary General Body Meetings:

The Details of the date and the venue of the Extra- Ordinary General Meetings (EGMs) of the Company held during the preceding three years and the special resolutions passed are mentioned hereunder:

Date of AGM	Venue	Special resolution passed
12/01/2010	Chinoi Building, Station Road, Vadodara- 390 002	 Resolution under section 81(1A) of the Companies Act, 1956 to issue Convertible Equity Warrants on Preferential basis.  Increase in authorized Capital of the Company from Rs.11,50,00,000 to Rs. 55,00,00,000  Alteration in the Memorandum & Articles of Association of the Company consequent to the increase in the authorized capital of the Company.
16/06/2008	Chinoi Building, Station Road, Vadodara- 390 002	 Commencing new line of business as appearing in Clause no. 11,14 and 32 of other objects (Clause III C) of the Memorandum of Association of the Company, by Special Resolution.

PRABHAV INDUSTRIES LIMITED

28/01/2008	Chinoi Building, Station Road, Vadodara- 390 002	Change of name of the Company from "Empire Unifor Software Solutions Ltd" to "Prabhav Industries Ltd."
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Postal Ballot:

During the year under review, the members approved & passed the special resolution for increase in the limits of Inter-Corporate Loans, Investments and Guarantee u/s 372A of the Companies Act, 1956 by way of **POSTAL BALLOT** in accordance with Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Special resolution by Postal Ballot) Rules 2001 & the result of the same were declared by the Chairman of the Company on the **30th September, 2010**. A gist of the **Postal Ballot Results** is as follows:

Sr. No	Particulars	No. of Postal Ballot	No. of shares
1	Postal Ballot Forms Received	22	3595000
2	Less: Invalid Postal Ballot Form	NIL	NIL
3	Net Invalid Postal Ballot forms	22	3595000
A	Postal Ballot form with assent for the Resolution	22	3595000
	% of Assent	100	100
B	Postal Ballot form with Dissent for the Resolution	NIL	NIL
	% of Dissent	N.A	N.A

MEANS OF COMMUNICATION:

Annual Report containing inter- alia, Audited Accounts, Consolidated Financial statements, Directors Report, Auditors Report and other important information is circulated to the members and others entitled thereto.

The Quarterly and Annual Financial Results are published in English and Gujarati daily newspapers, viz Business Standard and Loksatta, in addition to some other newspapers.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE:

The Auditors' certificate certifying the compliance of Clause 49 of the Listing Agreement relating to Corporate Governance has been attached in the Annual Report.

PRABHAV INDUSTRIES LIMITED

CEO/CFO CERTIFICATION:

A Certificate from the Managing Director in respect of the Financial Statements forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis is given separately and forms part of this Annual Report.

SHAREHOLDERS' INFORMATION:

General Information:

1	Annual General Meeting Date: 30th September, 2011 Day: Friday Time: 9:00 A.M. Venue: 902, Galav Chambers, Opp. Sardar Patel Statue, Sayaji Gunj, Vadodara- 390 005.
2	1st April, 2011 to 31st March, 2012
3.	Financial Calendar Quarterly results will be declared as per the following tentative schedule :  Financial reporting for the Quarter ending June 30, 2011  Financial reporting for the half year ending September 30, 2011  Financial reporting for the Quarter ending December 31, 2011  Financial reporting for the year ending March 31, 2012

PRABHAV INDUSTRIES LIMITED

4.	Date of Book Closure	26th September, 2011 to 28th September, 2011
5.	Listing on Stock Exchange	The Shares of the Company are listed on : <ul style="list-style-type: none">  The Bombay Stock Exchange Limited  The Vadodara Stock Exchange Limited  The Ahmedabad Stock Exchange Limited
6.	Stock Code, ISIN Number and Corporate Identity Number (CIN)	Bombay Stock Exchange Limited 531855 ISIN No. : INE 538J01012 CIN : L45200GJ1995PLC028373
7.	Registrar and Share Transfer Agent	Link Intime India Private Limited B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara - 390 020.
8	Share Transfer System	The applications for transfer of shares lodged at the Company's Registrar and Share Transfer Agent are processed within 30 days of receipt of the documents. After such processing, the Registrar and Share Transfer Agents will issue share certificate to all other shareholders within 30 days of receipt of certificate for transfer. Shares under objection are returned within a stipulated period of time. The transfer applications are approved periodically by the senior management of the Company.
9	Compliance Officer	Bhavesh Desai Whole Time Director

PRABHAV INDUSTRIES LIMITED

10	Dematerialization of Shares	66.27% shares of your Company are held in electronic mode.
11	Addressing of Investors Compliants OR Registrar and Share Transfer Agent	Mr. Bhavesh Desai, Compliance Officer at the addresses mentioned earlier. Address for Correspondence Mr. Bhavesh Desai Compliance Officer 902, Galav Chambers, Opp. Sardar Patel Statue, Sayaji Gunj, Vadodara -390005.
12	Telephone Number	0256-2361100
13	E- Mail ID	prabhavind@gmail.com

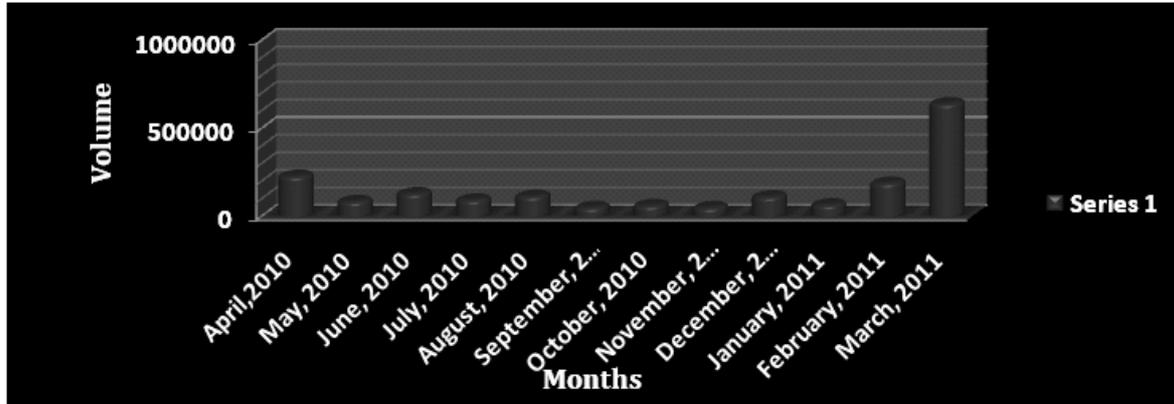


Market Price Data for the Year 2010-11:

The high and low market price and the volume of shares traded of the Company on the Bombay Stock Exchange (BSE) during the period from April 1, 2010 to March 31, 2011 are presented in the following table.

MONTH	VOLUME	SHARES PRICE(RS.)	
		HIGH	LOW
April,2010	2,30,800	101.05	53.60
May, 2010	86,800	98.70	75.80
June, 2010	1,31,700	126.00	86.90
July, 2010	95,800	130.75	102.00
August, 2010	1,17,000	131.90	93.60
September, 2010	53,100	113.95	90.00
October, 2010	64,600	101.90	72.65
November, 2010	52,700	95.90	69.25
December, 2010	1,14,000	90.00	63.65
January, 2011	68,200	101.40	76.00
February, 2011	1,90,800	131.85	88.00
March, 2011	6,42,300	134.80	101.30

PRABHAV INDUSTRIES LIMITED



✦ Distribution Of Shareholding as on 31st March, 2011:

Shareholding of Nominal Value of Rs.	Shares	% of holding
Upto - 500	213385	0.46
501 - 1000	256322	0.56
1001 - 2000	279422	0.61
2001 - 3000	235492	0.51
3001 - 4000	167400	0.36
4001 - 5000	214658	0.47
5001 - 10000	910010	1.97
10001 - Above	43812411	95.06
Total	46089100	100.00

✦ Shareholding Pattern as on 31st March, 2011:

Name of the Company	Prabhav Industries Limited		
Scrip code, Name of the Scrip, class of security	531855		
Quarter ended	31 st March, 2011		
Partly paid up shares:-	No. of Partly paid up shares	As a % of total no. of partly paid-up shares	As a % of total no. of shares of the Company
Held by Promoter/Promoter Group	0	0	0

PRABHAV INDUSTRIES LIMITED

Held by public	0	0	0
Total	0	0	0
Outstanding convertible securities:-	No. of outstanding securities	As a % of total no. of outstanding convertible securities	As a % of total no. of shares of the company, assuming full conversion of the convertible securities
Held by Promoter/Promoter Group	0	0	0
Held by public	0	0	0
Total	0	0	0
Warrants	No. of Warrants	As a % of total no. of Warrants	As a % of total no. of shares of the company, assuming full conversion of Warrants
Held by Promoter/Promoter Group	2500000	100	5.15
Held by public	0	0	0
Total	2500000	100	5.15
Total paid-up capital of the Company assuming full conversion of warrants and convertible securities		48589100	

PRABHAV INDUSTRIES LIMITED

Category	Category of Shareholder	Number of shares held	percentage of shareholding
(A) Shareholding of Promoter and Promoter Group			
1	Indian		
(a)	Individuals/ Hindu Undivided Family	415300	0.90
(b)	Bodies Corporate	9500	0.02
	Sub Total(A)(1)	424800	0.92
2	Foreign	0	0.00
	Sub Total(A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	424800	0.92
(B) Public shareholding			
1	Institutions	0	0.00
	Sub-Total (B)(1)	0	0.00
2	Non-institutions		
(a)	Bodies Corporate	34431819	74.70
(b)	Individuals		
I	Individual shareholders holding nominal share capital up to Rs 1 lakh	2168870	4.71
II	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	9013100	19.55
(c) Any Other (Specify)			
I	Clearing Member	52511	0.11
	Sub-Total (B)(2)	45666300	99.08
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	45666300	99.08
	Total (A)+(B)	46091100	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0.00
	Sub-Total (C)	0	0.00
	Grand Total (A)+(B)+(C)	46089100	100.00

PRABHAV INDUSTRIES LIMITED

List of Top 10 Shareholders:

Sr No.	Names of the Shareholders	Shares	%
1	Viaggio Entertainment Private Limited	1975000	4.2852
2	Grantview Properties Private Limited	1975000	4.2852
3	Enakshi Impex Private Limited	1930000	4.1875
4	Nazima Impex Private Limited	1850000	4.014
5	Addo Constructions Private Limited	1850000	4.014
6	Adila Traders Private Limited	1850000	4.014
7	Parkway Properties Private Limited	1832500	3.976
8	Amazing Suppliers Private Limited	1825000	3.9597
9	Sonal Style Private Limited	1812500	3.9326
10	C And K Realtors Private Limited	1810000	3.9272

Dematerialization of Shares and Liquidity:

The International Securities Identification Number (ISIN) allotted to the Company is **INE538J01012**. The Equity Shares of your Company of your Company are traded in dematerialized form as mandated by the Securities and Exchange Board of India (SEBI). The Company has established connectivity with both, National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) for Demat facility. As on 31st March, 2011, 30,542,600 Equity Shares aggregating to 66.27% of the total Equity Capital was held in the Demat form with NSDL and CDSL.

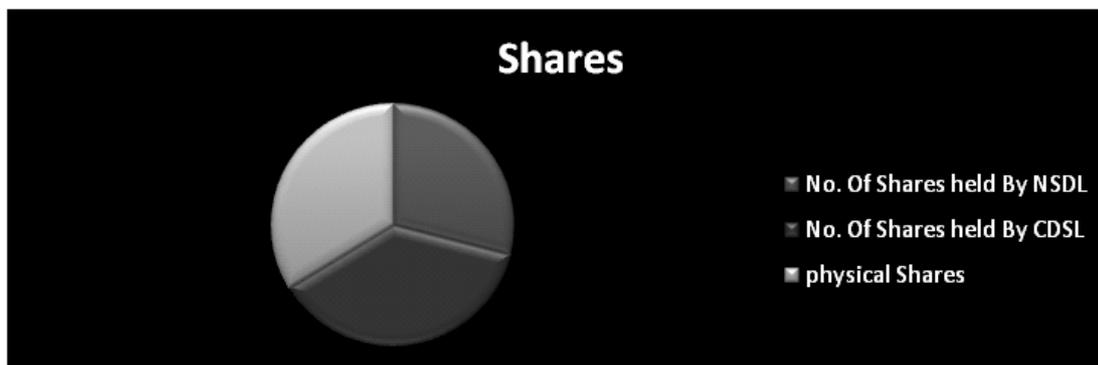
Out of the total shares held in dematerialised form, 13363217 Equity Shares aggregating to 43.75% of the dematerialised shares were held with the National Securities Depository Limited (NSDL) and 17179383 Equity Shares aggregating to 56.24% of the dematerialised shares were held with the Central Depository Services (India) Limited (CDSL).

Physical and Demat Shares as on 31st March, 2011

Particulars	Shares	%
No. of Shares held by NSDL	13363217	28.99
No. of Shares held by CDSL	17179383	37.27
Physical Shares	15546500	33.73
Total	46089100	100.00

PRABHAV INDUSTRIES LIMITED

A Diagrammatic Representation of the Shares held in Physical and Demat form is shown hereunder:



Nomination Facility:

Pursuant to the provisions of section 109A of the Companies Act, 1956, members are entitled to make nominations in respect of the shares held by them. Members holding shares in physical form and intending to make/ change the nomination in respect of their shares in the Company may submit their requests in Form No. 2B to the Company's Registrar, **Link Intime India Private Limited**.

Members holding shares in electronic form may submit their nomination requests to their respective depository participants directly. Form No. 2B can be obtained from the Registrar and Share Transfer Agents of the Company' namely, **Link Intime India Private Limited**.

Outstanding Convertible Instruments, Conversion Date and Likely Impact on Equity:

During the year under review, 25,00,000 Convertible Equity Warrants were issued on 18th October, 2010 upon the receipt of 25% of the total Consideration as the upfront money pursuant to the approval of the Members in the Annual General Meeting held on 30th September, 2010. The said Warrants were issued to Cameron Realty Private Limited, an entity forming part of the Promoter and Promoter Group.

Each warrant entitles the holder to apply for and be allotted one equity share of the Company at an amount of Rs. 102/- per Equity Share, at any time within 18 months from the date of allotment of the Warrants i.e. within 17th April, 2012.

Consequent to the said conversion of the Warrants, the paid- up share capital of the Company shall stand at Rs. 48,58,91,000 consisting of 4,85,89,100 Equity Shares of Rs. 10/- each.

Corporate Ethics:

Your Company adheres to the highest standards of the Business Ethics, compliance with the statutory and legal requirements and commitment to transparency in the business dealings.

PRABHAV INDUSTRIES LIMITED

A Code of conduct for the Board Members and Senior Management and a Code of Conduct for Prevention of Insider Trading has been adopted pursuant to clause 49 of the Listing Agreement and the Securities and exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 respectively, besides other measures taken as detailed below:

Code of Conduct for Board Members and senior Management:

The Board of Directors of your Company has adopted a code of conduct for its members and the senior management which highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride of association.

The code is applicable to all the directors and specified Senior Management Executives. The Code impresses upon the Directors and Senior Management Executives to uphold the interests of the Company and its stakeholders and to endeavor to fulfill all the fiduciary obligations towards them. Another important principle on which the code is based is that the Directors and the Senior Management Executives shall act in accordance with the highest standards of honesty, integrity, fairness and ethical conduct and shall exercise utmost good faith, due care and integrity in performing their duties.

Declarations affirming compliance of Code of Conduct:

The Company has received confirmation from the Directors as well as the Senior Management Executives regarding the Compliance of the Code of conduct during the year under review:

A Declaration from the Managing Director and the Whole- Time Director of the Company affirming the compliance of the conditions of Corporate Governance is annexed herewith

Code of Conduct for Prevention of Insider Trading:

The Board of Directors of your Company has adopted a code of conduct for Prevention of Insider Trading for its Management, Staff and Directors. The Code lays down guidelines and procedures to be followed and disclosures to be made by Directors, Top Level Executives and Staff whilst dealing in shares of the Company.

The Policy and the Procedures are periodically communicated to the employees who are considered as insiders of the Company.

Reconciliation of Share Capital Audit Report:

SEBI has vide its Circular No. CIR/MRD/DP/30/2010 dated 06.09.2010 renamed the “Secretarial Audit Report” as the “Reconciliation of the Share Capital audit Report”.

Reconciliation of the Share Capital Audit Report in terms of SEBI Directive no. **D&CC/FITTC/CIR-16/2002** dated 31.12.2002, confirming that the total issued capital of the Company is in agreement with the total number of shares in the physical form and the total number of

PRABHAV INDUSTRIES LIMITED

dematerialized shares held with the depositories is placed before the Board on a quarterly basis and is also submitted to the Stock Exchanges where the shares of the Company are listed.

Compliance Certificate from Practising company secretary :

Your Company has obtained a certificate from company secretary regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing agreement is annexed herewith.

ADOPTION OF THE NON- MANDATORY REQUIREMENTS UNDER CLAUSE 49 OF THE LISTING AGREEMENT

Whistle Blower Policy:

The Whistle Blower Policy (WBP) adopted by the Company in line with the requirements of clause 7 of Annexure 1D to Clause 49 of the Listing agreement, which is a non- mandatory requirement, encourages all the employees, officers and directors to report any suspected violations promptly and intends to investigate any good faith reports of the violations. The Whistle Blower Policy specifies the procedure of reporting the suspected violations.

Training of the Board Members:

Your Company believes that people are the assets of any organization. They are at the helm of the affairs of any Company's success. Thus your Company undertakes tremendous efforts to promote the training of new Directors.

New Directors appointed by the Board are given formal induction and orientation with respect to the Company's vision and the core values including ethics, corporate governance practices, financial matters and business operations.

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)

Chairman and Managing Director

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

PRABHAV INDUSTRIES LIMITED

DECLARATION AFFIRMING THE COMPLIANCE OF CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed the compliance of the code of conduct for the year ended 31st March, 2011

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)

Chairman and Managing Director

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

PRABHAV INDUSTRIES LIMITED

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Shareholders,

PRABHAV INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **PRABHAV INDUSTRIES LIMITED** for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges. We have obtained all the information and explanations, which to the best of our knowledge and believe were necessary for the purpose of certification.

The compliance of the 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.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has generally complied with the mandatory conditions of the said Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.M.Jain and Associates.

Practising Company Secretaries

Sd/-

Sanket Jain

Proprietor

Membership Number:

Place: Mumbai

Dated: 25th August, 2011

PRABHAV INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of **Prabhav Industries Limited** presents its analysis report covering performance and outlook of the Company. The Report has been prepared in compliance with the Corporate Governance requirement prescribed in the Listing Agreement. Your Management accepts responsibility for the integrity and objectivity of the financial statements.

OVERVIEW OF THE ECONOMY

Global Economic Environment

The Global Economy underwent a sweeping wave of Financial Crisis for a prolonged era. Pockets of vulnerability persisted; Real Estate markets and Household markets remained weak in some major advanced economies. Volatility and Uncertainty re-emerged in the euro area.

Concerns about banking sector losses and fiscal sustainability triggered by crisis in Ireland, Spain, Greece and Portugal led to unprecedented widening of the credit spreads for these countries.

The Turmoil in mid-2010 in the Euro zone led to a spike in the global risk aversion and scaling back of the capital allocation by the fund managers to the emerging markets. However during the recent bout of turbulence, the financial stress was limited primarily to the periphery of the Euro area. Quantitative easing and stimulus packages by several countries created huge liquidity in financial markets. Central Banks in emerging economies faced the challenge of high inflation and started pursuing a hawkish monetary policy by raising reserve ratios and hiking policy rates.

This continued for a substantial length of time and the magnitude with which it affected the world economy cannot be put to words.

However as rightly said, **“There is always a ray of light at the end of Tunnel”** and this begun with the intervention of Governments of various countries by announcing monetary relief in the form of bailout packages or other monetary stimulus. As a result economies of several Countries started showing signs of recovery. This recovery was characterized by moderate growth in advanced economies accompanied with a boost in Private consumption. Further the growth in emerging and developing economies remained robust buoyed by resurgent capital inflows due to abundant global liquidity and strong domestic demand.

PRABHAV INDUSTRIES LIMITED



Indian Environment

Indian Economy has demonstrated remarkable resilience in countering the global financial crisis. Although the impact was felt on some critical economic indicators, such as declining GDP growth and shrinking global trade, the recovery was faster than most people expected. Improvement in agriculture and manufacturing sectors has shifted the growth trajectory back to 8.6% in 2010-11, although the performance of the service sector was not that impressive. The performance of the infrastructure sector in 2010-11 was mixed. While some sectors performed well, others failed to put up an impressive show; Telecommunication has performed well, but railways, road and power sectors could not achieve their targets. In addition, momentum in domestic savings and investment has accelerated the GDP growth. However, inflationary pressure continues to be a matter of considerable concern, triggered by high food and energy costs. With global crude prices crossing the \$100 mark, the domestic inflationary pressure is bound to aggravate. The political unrest in the Middle East and North Africa had moderate impact on the country's economy.

The exports have picked up during 2010-11 and are expected to achieve the growth target. Foreign exchange reserves have increased during the year but the exchange rate has depreciated. The Reserve Bank of India (RBI) has begun withdrawing the accommodating policy announced during the economic crisis as the shadows of the recession quickly became a thing of the past. India's financial market has remained steady and continues to strengthen the economy.

In sharp contrast, advanced economies are still grappling with uncertainty on account of deficit, high public debt and unemployment. The process of recovery was jeopardized by sovereign debt crisis in the euro zone, concerns about the US fiscal policy and the sharp increase in commodity prices – food and energy. The rate of recovery for matured economies has been gradual in 2010. The economic recovery experienced in the US and EU during the second half of calendar year 2010 is expected to be reinforced in 2011.

INDUSTRY STRUCTURE AND DEVELOPMENTS



Global Steel Industry

▲ Overview

Steel production and consumption are one of the major indices of economic growth and development. The Global Steel Market was upbeat for long during 2003-08, a good luck period for a steel-maker. The period was marked by a quantum jump in output of crude steel across the world from 970 million tonnes in 2003 to 1,329 million tonnes

in 2008 accounting for 37 per cent increase. Taking advantage of the feel-good factor in the steel sector, many new companies mushroomed with steel making facilities in greenfield as well as brownfield expansion.

However the global steel industry has been on a Roller Coaster since 2008. The blooming market of 2004- 07 rapidly declined during the global financial crisis. As a result, demand from the key steel end- use markets- infrastructure, construction and automotive- contracted by 7.4% year- over- year. Further the Global steel market remained sluggish due to higher growth of around 15 per cent in production of crude steel, de-stocking and buyers adopting 'wait and watch' approach. The extreme lows of 2009 were also followed by a steady recovery in demand and associated production, as well as a restocking period.

During 2010, global demand for crude steel rebounded to 2008 levels as investment in infrastructure and other steel intensive products increased. Some of this recovery can be attributed to the timely intervention of the governments of major economies, which provide stimulus packages to arrest the economic crisis and effectively brought forward future steel demand.

♣ ***Challenges and Issues for the Sector***

In the face of fluctuating demand and increasing raw material costs, steelmakers need to factor the volatility into their business models. In doing so, they have to consider the following issues:

φ Scarcity of coking coal

Coking coal is a key raw material for the production of steel. There is a significant supply- demand gap in the coking coal market and the shortage of this key material is a real concern, particularly as it is unlikely to improve any time soon.

As a result steel players are looking to secure coal assets via joint ventures or acquisition, and they are also investing in new technologies to reduce or eliminate coking coal from the steel-making process.

φ Raw Material Price Volatility

With a scarcity of supply comes the obvious increase in prices, which in turn creates a significant amount of margin squeeze for steel producers. In 2011, crude steel production costs are likely to increase due to forecast of price increases for iron ore, coking coal and energy.

As a result Companies are looking to control raw materials via backward integration strategies; securing contracts through joint-venturing of associates and/or buying from a diverse supplier base.

φ Increasing Operational Efficiency and Cost Effectiveness

To offset the margin squeeze, steelmakers have begun focusing on increasing operational efficiencies in order to reduce operating costs and improve the quality of output. Some operators are reducing operating costs by optimizing the equipment that is being used, and adapting their maintenance strategies. Some Companies are also considering a shared services approach to capture the benefits of economies of scale for common activities.

φ Improving Energy Efficiency

Energy is one of the main cost components in steelmaking operations and while the cost of energy increases, steelmakers are under pressure to optimize their energy consumption. Steelmakers are coming up with innovative ways to use outputs from steel mills to generate electricity, and we are also seeing companies invest in energy companies to secure supplies.

φ Outlook

In 2011, global steelmakers are hoping for a more stable rate of recovery in demand. This will be dependent on whether there is an increase in consumer spending and business investment, to compensate for the potential lessening of Government Fiscal Stimuli. Due to the sovereign debt crisis of many developed countries, there has been a marked shift from stimuli to austerity. In addition, the massive rise in oil prices inspired by political turmoil in the Middle East, coupled with the recent catastrophic events in Japan, increases the risks of a slowdown in growth during 2011. Global trade is estimated to grow by 5.7% in 2011, which is a significant softening from 2010 when global restocking fuelled an 11.5 % increase.

The future of both the developed and the developing world will be governed by different sets of factors. The emerging markets of China and India will continue to witness strong growth in their steel industries due to robust demand for construction and civil engineering, automotive and mechanical engineering. The growth of developed markets however will be more dependent on supply-side response, innovative product offerings and substitutions. The key driving factor for the profitability of all the steel players will ultimately depend on more tightly managed operating expenses and capital expenditure.

PRABHAV INDUSTRIES LIMITED



Indian Steel Industry

♣ ***Overview***

The 2009 global downturn and the subsequent recovery have brought to light the increasing importance of China and India to the world steel industry. The global steel outlook is optimistic, with 7% growth expected in 2011 alone. Given the structure of the Indian economy, its stage of evolution, market size, growth, cost base, and potential resource base, unprecedented growth in the Indian steel sector is expected over the next decade. This will be supported by reforms in the investment environment, which will make India a prime destination for global steel investors.

The Indian steel industry has witnessed robust growth during 2005–2010, with production (crude steel) and consumption (finished steel) registering growth of 8.4% and 9.7% respectively. In 2010, India was the world's fifth largest producer of crude steel, with domestic production growing at a rate of 9.5% between 2000 and 2010, driven by capacity expansion and improved utilization. Even in 2010, the steel sector witnessed steady growth and exceeded the pre-crisis level producing 66.8 million tonnes of crude steel.

♣ ***Challenges***

The Indian steel industry faces a supply deficiency. Although capacity has increased by 8.7% between 2005 and 2010, this was outstripped by growth in consumption of 9.7% over the same period. The main capacity additions have been brownfield projects by existing players, with large Greenfield projects limited by regulatory, social and infrastructural bottlenecks.

Since 2007, India has been a net importer of steel, with the demand/supply gap expected to widen further over the next five years. India imported 7.3 million tonnes in the financial year 2009- 10. Steel imports may reduce over the next three years, as around 20 million tonnes of expected brownfield expansions become operational. However as most of the planned Greenfield expansions have been delayed due to land allotments laws and environmental clearances issues, it is expected that India would continue to remain a net importer of steel over the longer term.

♣ ***Outlook***

With its largely untapped and upwardly mobile population, the steel sector's future growth potential in this market is unprecedented. Further the steady rise in steel demand

PRABHAV INDUSTRIES LIMITED

in 2010 meant that capacity utilization levels averaged around 77%. Steelmakers are predicting a more stable recovery of demand in 2011, and it is likely that global capacity utilization rates may inch back towards the highs of 2007 and early 2008.

Your Company's Prospects

Your Company currently operates in two segments, namely, **Manufacture of M.S. Ignots from M.S. Steel** and **Trading in upstream and downstream metal products**. Your Company commenced its first phase of operations by undertaking manufacturing of M.S. Ignots from M.S. Scrap and it is heartening to inform you that we have achieving rock- breaking success in the first phase of our operations.

Considering the present opportunities offered by the infrastructure and allied activities, your Company considers it beneficial to bank on such opportunities. Thus the Management has decided to multiply the present production capacity by 3 times by installation of 20 MT per hour Induction Furnace, adjacent to the location where the existing plant of the Company is situated. In addition to this your Management has chalked out various plans to capitalize the opportunities.

Further considering the ravishing success of the 1st phase of M.S. Ignots manufacture and the vast unexplored potential offered by the product, your Company has initiated steps to undertake the 2nd phase of M.S Ignots manufacture by installation of a furnace for 10T per hour. Such increase in the production capacity of M.S. Ignots necessitates increased power connection requirements for which, your Company has already made application to the Gujarat Electricity Board.

Also your Company plans to venture into the production of power by installation of Solar PV modules for which also an application to the Government of Gujarat has been made.

In addition to this, your Company has already commenced its production of Cold Rolled and Hot Rolled castings for which there is a huge demand in India and overseas.

Thus your Directors are hopeful of tapping the vast unexplored potential offered by the Sector in the years to come and urges each one of us to continue our long and value- association with the Company.

OPPORTUNITIES AND THREATS

Opportunities

Steel represents the essential foundation, which anchors the modern world and its consumption provides a credible index to measuring the growth of an economy and the quality of life in

PRABHAV INDUSTRIES LIMITED

a particular country. Steel consumption is crucial to enable the economy to move towards a more sustainable future. As the world is moving towards greener paradigms of economic growth, steel has acquired more importance; whether in the manufacture of lighter and more efficient transport vehicles, renewable energy generation, highly efficient power stations, construction of smart electrical grids, transport infrastructure development or high-energy efficient residential housing and commercial buildings. India became the world's fifth largest steel producer in 2010, compared to the eighth position in 2003, and is expected to become the second largest producer of crude steel by 2015 globally. The country has also maintained its leadership as the world's largest producer of Direct Reduced Iron (DRI) or sponge iron.

♣ ***Strong Domestic Demand Drivers***

A few strong domestic demand drivers in the steel industry have been described as under:

- φ Infrastructure: the key driver of steel consumption in India
- φ Power and Pipeline Construction
- φ Shipbuilding Industry
- φ Automobile and Capital Goods services Sector

♣ ***Opportunities for Your Company***

Your Company is situated in one of the prime locations of the State where the infrastructural and industrial development is at its peak point. The urban infrastructure of Gujarat is all set to be revamped at the cost of approximately Rs.7,620 crores. The government of Gujarat has worked out a scheme to set up a metro rail network at an estimated cost of Rs.4,300 crores. This is being done by joining hands with the private sector on the basis of build-operator-transfer (BOT). Moreover, Gujarat has displayed exemplary performance in several infrastructure & manufacturing sectors.

In addition to this the plant of your Company is situated in an area where the Raw material M.S. Scrap is available in huge quantities thereby resulting in considerable reduction in the Transport Costs for the Company. Similarly, there are several big and small steel rolling mills within Baroda who are presently meeting their requirements of M. S. Ingots from outside Gujarat. As a result of such factors, your Company enjoys extra- ordinary cost advantages and profitability in comparison to its peer groups



Threats

The steel industry faces major hurdles relating to project implementation and raw material security. The capacity expansion plans of major steel players (domestic and international) are facing issues related to land acquisition, raw material linkages and environmental clearances resulting in inordinate delay in project implementation, cost overruns and low investor confidence.

Further the Indian Steel Industry is facing many problems, few of which have been enumerated as under:

♣ Iron Ore:

Although, India has the world's 8th largest reserve of Iron Ore and is the 4th largest iron ore producer globally, it exports about 54% of its production to other steel making nations- thereby draining the nation of its precious resource and concurrently importing steel from other countries. Further as the iron ore mines are not allotted to steel producers or approval for mining leases are deferred inordinately for value addition, no significant investment on the ground in the steel sector is happening to add new steel capacities.

♣ Coking Coal:

A primary ingredient for steel making is in short supply and the country is largely dependent upon its import. There is a significant supply-demand gap in the coking coal market and the shortage of this key material is a real concern, particularly as it is unlikely to improve any time soon. As a result steel players are looking to secure coal assets via joint ventures or acquisition, and they are also investing in new technologies to reduce or eliminate coking coal from the steel-making process.

Further, governmental delays in allotting coal blocks for Captive consumption by steel manufacturers is severely impacting the competitive edge of the Indian Steel Sector.

♣ Raw Material Price Volatility

With a scarcity of supply comes the obvious increase in prices, which in turn creates a significant amount of margin squeeze for steel producers. In 2011 crude steel production costs are likely to increase due to forecast price increases for iron ore, coking coal and energy.

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Subsequently, companies are looking to control raw materials via backward integration strategies; securing contracts through joint-venturing of associates and/or buying from a diverse supplier base.

♣ Water:

One Tonne of Steel production requires around 2.6 cubic meters of water depending upon the recycling of efficiency levels. Such high consumption of a scarce commodity like Water is itself a challenge for the steel industry.

♣ Expansion Clearances

Land allocation, Mining Leases, Environment and Forest Clearances and Infrastructure Connectivity for Greenfield expansions remain the major challenges for impacting the creation of new capacities.

♣ Inadequate Infrastructure

The major impediment to growth in the Indian Steel Sector is inadequate infrastructure. India needs a robust transport framework to support its planned volumes of steel production. **Some of the infrastructure related issues are enumerated as under:**

- φ Constrained Railway Haulage Capacity.
- φ Congested Ports.
- φ Inadequate Road Infrastructure.

RISK MANAGEMENT

Our businesses and operations are subject to a variety of risks and uncertainties which are no different from any other company in general and our competitors in particular. Such risks are the result of both the business environment within which we operate and other factors over which we have little or no control. These risks can be categorized as operational, Financial, Environmental, Health and Safety, Political, Market- related and Strategic risks.

Your Company has identified major focus areas for risk management to ensure organizational objectives are achieved and has a well-defined structure and proactive approach to assess, monitor and mitigate risks Further Identification of risks and drawing-up mitigation plans is a continuous process and closely linked to the Company's Business Plans. These plans are subjected to continuous monitoring.

As a part of Enterprise Risk Management (ERM) process, a comprehensive Risk Management Policy has been framed and activated.

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The Risk Management Process envisages:-

- φ Setting risk management objectives
- φ Identifying, prioritizing and reporting risk events
- φ Identifying risk mitigation strategies, and
- φ Risk monitoring and reporting.

While framing its Risk Management Policy the Company seeks to go beyond regulatory requirement and ensure exemplary Corporate Governance practices. The Company follows a bottom up approach for identifying and managing risks. The Company has a well structured internal Risk Management Organization with clearly defined roles and responsibilities of all functionaries. Periodic meetings of the Internal Committees are held to review the status of risk mitigation plans. High risk issues are deliberated in the internal Committee meetings.

Also,

- φ The Company's Business Plans as well as the profitability estimates are subject to regular review by the Committee of Directors as well as the Board of Directors.
- φ Projects under implementation are also subject to review by the Committee of Directors and the Board of Directors.
- φ Quarterly Reports on Statutory Compliances, duly certified, are submitted to the Audit Committee as well as the Board of Directors for review.
- φ Compliance(s) with exception(s), if any, are duly reported to the Audit Committee and the Board of Directors.
- φ Status of Demands/Notices on the Company, under various Acts and Rules, as well as status of litigations are reported to the Board of Directors, every quarter.

In the process of undertaking reviews of financial projections, statutory litigations etc., the Board of Directors and the Audit Committee are entitled to independent expert opinions, wherever felt appropriate by them.

OUTLOOK

Industry Scenario

India's steel industry plays a significant role in the country's economic growth and enjoys a stronghold in the traditional sectors, such as infrastructure & construction, automobile,

PRABHAV INDUSTRIES LIMITED

transportation, industrial applications, among others. With economic expansion, application of diverse steel grades and varieties will grow. The country's steel sector has acquired considerable cachet on the global steel map with its giant steel mills, acquisition of global scale capacities, continuous rejuvenation and up nuance of old plants, improving energy efficiency and backward integration into global raw material sources. Global steel giants have shown interest in the industry due to its phenomenal performance and growth potential. The industry is poised for a quantum growth through sustained performance, which will elevate it to the next level.

Road Ahead for your Company

Your Company functions in two business segments namely, **Manufacturing of Steel Products i.e. M.S. Ingot from M.S. Scrap** and **Trading in upstream as well as downstream metal products.**

The existing business segments enable your company to hedge as well as capitalize on volatility in the raw material prices. The trading division has facilitated us to maintain our profitability in this strenuous phase of uncertainty and anxiety.

In the course of balancing the existing business activity your company has acquired deep insight of commodities and capital markets and thus the Board of Directors considers it desirable to bank on its expertise and commence the Investment Business alongwith the main objects of the Company.

To sum up

Given the strong underlying momentum of the Indian economy, the outlook remains positive on account of sustained increase in service sector growth and normalizing agricultural output. Further, the substantial Governmental outlays on buildings, physical and social infrastructure is expected to lead to a sustained growth in the industrial sector.

FINANCIAL PERFORMANCE

The year 2010- 11 was a year of diverse opportunities with the economy across the globe showing signs of resurgence and revival, though with some occasional hiccups, after the unprecedented financial meltdown. Against such a meltdown we delivered robust financial performance.

Your Company achieved a record net profit before tax of Rs. 38,56,092. This sterling performance has been the upshot of improved global economic recovery, the ability of your Company to manage its resources optimally, product innovation, technology and delivery. Further, Strengthening prices, increased volumes and a strong focus on the operational efficiency have contributed to a substantial

PRABHAV INDUSTRIES LIMITED

growth of the topline to Rs. 84,11,40,587 as compared to Rs. 2,95,35,648 in the preceding year, thus registering an impressive growth of about 28 times. Further the Earnings per share of your Company's Shares have doubled as compared to the preceding year, thus resulting in the overall accumulation of the Shareholders wealth.

Also our existing businesses achieved superlative performances and our production facilities helped us to consolidate our market position.

Thus taking into consideration the aforesaid factors, the Management of your Company is Optimistic towards the future plans of the Company and are confident of achieving higher margins in the years to come.

INTERNAL CONTROLS AND SYSTEMS

Your Company has an efficient system of internal controls for achieving the following business objectives of the Company:

- ♣ Efficiency of Operations
- ♣ Protection of Resources
- ♣ Accuracy and promptness of financial reporting
- ♣ Compliance with the laid down policies and procedures
- ♣ Compliance with the laws and regulations.

At Prabhav, Internal Audit is a multi- disciplinary function which reviews, evaluates and appraises the various systems, procedures/policies of the Company and suggests meaningful and useful improvements. It helps management to accomplish its objectives by bringing a systematic and disciplined approach to improve the effectiveness of risk management towards good corporate governance.

The Company has taken a number of steps to make the audit function more effective. The Internal Audit is subjected to overall control environment supervised by Board Level Audit Committee, providing independence to the Internal Audit function, emphasizing transparency in the systems and internal controls with appropriate skill-mix of internal audit personnel etc. Annual Audit Plans based on identification of key-risk areas with thrust on system/process audits and bench-marking of the best practices followed in the plants/units is implemented so as to achieve overall efficiency improvement including cost reduction in operation of the Company. Development of Internal Audit Executives, bringing awareness amongst auditees, converging on the pro-active role of internal audit remained other focused areas during the year.

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The Internal Audit system is supplemented by well-documented policies, guidelines and procedures and regular reviews are being carried out by our Internal Audit Department. The reports containing significant audit findings are periodically submitted to the management and Audit Committee of the Company.

HUMAN RESOURCES

♣ **Our Philosophy**

Counter- convention, determination and stretch achievements is what Prabhav is all about- built solely on the passion of its employees who dare to dream and persevere- to-perform- delivering possibly the most unbelievable results. At Prabhav, we believe in building an organization having human resource with the world class capabilities and high performance culture.

♣ **Mindset**

Holistic personality development is what the corporate aspires to give its team members. An individual could be an expert in his/ her chosen field, but competence is not just about domain knowledge, but an aptitude for multitasking. This organizational belief inspired a culture of multifaceted capability, accelerating individual development and empowering a team. The Organization provides a plethora of opportunities to the individual and the entire family, resulting in huge recognition for the brand, an immediate willingness to be part of the team, significantly higher retention.

♣ **Recruitment**

The irony is that skilled people resources are getting exceedingly scarce in the second most populous nation. Attracting qualified professionals is becoming increasingly challenging in India. Thus your Company undertakes immense efforts to recruit, develop and retain talented and motivated employees who share the Company's vision and values. Further we also seek to create an environment of fairness, transparency and mutual respect wherein the aspirations of employees and the goals of the enterprise are aligned to achieve mutual benefit on a long term continual basis.

In addition to this in order to groom the new recruits, Prabhav focuses on learning and development to enhance the knowledge and skill, preparing its people to face the challenges in the dynamic business scenario.

To sum up, employees are the Company's most valuable assets. This talent has through strong alignment with your Company's vision; successfully built and helped your

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company to emerge as one of the few developing Steel Making Industries in the Country. Further your Company's unflagging commitment to investing in the talent development ensures performance and achievement of the highest order.

ENVIRONMENT PROTECTION

Your Company has always striven to be responsible and sensitive to ecological and environmental matters. This is ensured by protecting, conserving and restoring all natural resources, often far beyond what is mandated by government and other institutional policies.

Your Company is committed to complying in full measure with all regulations relating to the preservation of the environment around its operations. By constantly upgrading technologies and by applying the best of sustainable processes and practices, the Company endeavors to provide environmental issues the priority they deserve.

Further your Company is also dedicated to constantly improving its performance on prevention of pollution, proper use of natural resources and minimization of any hazardous impact stemming from production, development, use and disposal of any of its products and services.

Your Company seeks to achieve this by:

- φ Ensuring that its vision and mission statement which explicitly states its policy on Environmental management is observed and complied with.
- φ Communicating of the Environmental policy to all its employees, suppliers, contractors, customers, stakeholders and the Community.
- φ Setting up of Environmental Management Systems and programs at the Organizational level.
- φ Training the Employees to create awareness among the suppliers, contractors, customers, stakeholders and community at large in order to enable them to achieve the Organizational objectives.

FORWARD LOOKING AND CAUTIONARY STATEMENT

This report contains projections, estimates and expectations etc. which are just "forward-looking statements". Actual results could differ from those expressed or implied in this report. Important factors that may have impact on Company's operations include economic conditions affecting demand/ supply and price conditions in the domestic and overseas markets, changes in the Government regulations/ policies, tax laws and other statutes and other incidental factors. The

PRABHAV INDUSTRIES LIMITED

Company assumes no responsibility to publicly modify or revise any forward looking statements on the basis of any future events or new information. Actual results may differ from those mentioned in the report.

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)

Chairman and Managing Director

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

PRABHAV INDUSTRIES LIMITED

MANAGING DIRECTOR'S CERTIFICATION

I, **Mr. Jayesh Thakkar**, Managing Director of the Prabhav Industries Limited hereby certify that:

1. I have reviewed the financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:-
 - (I) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of my knowledge and belief, no transactions entered into by the company during the year that are fraudulent, illegal or violative of the company's code of conduct.
3. I accept responsibility for establishing and maintaining internal controls for financing reporting and I have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies;
4.
 - (i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - (ii) There has not been any significant change in Accounting policies during the year; and
 - (iii) Instances of significant fraud, if any of which we have become aware, and involvement therein, if any, of the management or an employee having a significant role in Companies internal control system over financial reporting shall be disclosed.

Registered Office:

902, Galav Chambers,
opp. Sardar Patel Statue,
Sayaji Gunj, Vadodara -390 005

Place: Vadodara

Date: 1st September, 2011.

By Order of the Board of Directors

Sd/-

(Jayesh Thakkar)
Chairman and Managing Director

PRABHAV INDUSTRIES LIMITED

AUDITOR'S REPORT

To,
The Members of
Prabhav Industries Ltd.

1. We have audited the attached Balance Sheet of Prabhav Industries Ltd. as at 31st March, 2011, the Profit and Loss Account and also 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 conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on matters specified in paragraphs 4 and 5 of the said Order, subject to notes on accounts.
4. Further to our 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss and Cash Flow Statement Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, subject to notes on accounts.

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- (e) On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with 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 on 31st March 2011;
 - ii. in the case of the Profit and 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 Flow of the company for the year ended on that date.

Date: 1st September, 2011
Place: Vadodara

For N. R. PARIKH & CO.
Chartered Accountants
FRN No. 107563W

Sd/-

C.A. N. R. Parikh
(Partner)
Membership No.007854

PRABHAV INDUSTRIES LIMITED

ANNEXURE TO AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March 2011 of Prabhav Industries Ltd.

- (i) (a) As informed to us, The Company is still in the process of compiling records to showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the Company are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. As informed to us, no material discrepancies have been noticed on verification;
- (c) No disposal of a substantial part of fixed assets of the company has taken place during the year.
- (ii) (a) As informed to us, The Inventory were physical verified by the management at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, company has reasonable and adequate procedure for physical verification of inventories 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 has maintained proper records of inventory, and no major discrepancy reported by the management.
- (iii) The Company has granted unsecured loans to 7 companies, and 4 Interested Party listed in the register maintained under Section 301 of the Companies Act, 1956. The year balance of loans granted to these was Rs. 484.43 Lacs.

In our opinion and according to the information and explanations given to us, the terms and condition of interest free loan given to the parties covered under in the register maintained under section 301of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.

PRABHAV INDUSTRIES LIMITED

According to the information and explanations given to us, no repayment schedule has been specified and accordingly the question of regularity in payment of principal amount and interest wherever applicable does not arise.

The Company has taken unsecured loans from 1 company, 2 Directors and 18 Interested Party listed in the register maintained under Section 301 of the Companies Act, 1956. The year balance of loans taken from these was Rs. 2608.13 Lacs.

In respect of above Loans taken, no repayment schedule has been specified with regard to the Interest / Repayment or any other terms and conditions.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business.
- (v) According to the information and explanations given to us, the details of transaction that needed to be entered in the register in pursuance of section 301 of the Company Act, 1956, have been so entered.

According to information and explanations given to us, the transactions of purchase and sale of goods/services made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) The company has not accepted deposits from other corporate which attracting the provisions of section 58A and 58AA of the Companies Act, 1956, and the rules framed there under.
- (vii) The system of internal audit of the company needs to be strengthened and commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix) In respect of statutory dues:
 - (a) Account to the records of the Company examined by us, Company is not liable to Pay Provident Fund, Investor Education and Protection fund, Employees State Insurance, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty, Cess no undisputed amounts payable in respect of such statutory dues which have remained outstanding as on 31st

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march 2011 for a period of more than Six Month from the day they become payable except Income tax for the year 97-98 Rs.54156/-

- (b) According to the Information and explanation given to us there are no dues of Sales Tax, Provident Fund, Investor Education & protection Fund, Employee State Insurance, Custom Duty, Wealth Tax, Services Tax, Excise Duty and Cess Which have not been deposited on account of any dispute except Income tax for the year 97-98 Rs.54156/-.
- (x) Accumulated losses at the end of financial year ended on 31st March,2011 is Rs. 57,75,305/ - which does not exceed 50% of its net worth and it has not incurred cash losses in the financial year ended on the date and in the immediately preceding financial Year.
- (xi) According to the information and explanations given to us and records of the company examined by us, the Company has not defaulted during the year in repayment of dues to its bankers or to any financial institution. The company did not have any outstanding debenture during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) As the Company is not a chit fund or a nidhi / mutual benefit fund / society to which the provisions of special statute relating to chit fund are applicable, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) The company is dealing in or trading in share, securities, Debenture or other investment. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. Further such securities have been held by the company in its own name or are in the process of transfer in its on company name.
- (xv) 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.
- (xvi) According to the information and explanations given to us and as per records made available for our verification, the Company has not taken any term loan during the year

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- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment, this clause is not applicable.
- (xviii) As the Company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Act, the provisions of clause 4(xviii) of the Order are not applicable to the Company.
- (xix) As the Company has not issued any debentures, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during year.

Date: 1st September, 2011
Place: Vadodara

For N. R. PARIKH & CO.
Chartered Accountants
FRN No. 107563W

Sd/-

C.A. N. R. Parikh
(Partner)
Membership No.007854

PRABHAV INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	Sche- dule No.	As at 31st March, 2011		As at 31st March, 2010
SOURCES OF FUNDS				
SHAREHOLDERS FUNDS				
Equity Share Capital	"A"	460,891,000		460,891,000
Application Money Received		493,750		493,750
Reserves and Surplus	"B"	1,025,857,000	1,487,241,750	1,025,857,000
LOAN FUNDS				
Secured loans	"C"	25,628,224		
Unsecured Loans	"D"	260,813,541	286,441,765	35,220,697
Deferred Tax Liabilities (Net)			1,019,400	-
TOTAL Rs.			1,774,702,915	1,522,462,447
APPLICATION OF FUNDS				
Fixed Assets				
(a) Gross Block	"E"	47,303,107		39,483,158
(b) Loss Depreciation		7,172,907		2,005,093
(c) Net Block		40,130,200		37,478,065
(d) Capital Work-in-Progress		8,474,868	48,605,068	-
INVESTMENTS				
CURRENT ASSETS, LOANS AND ADVANCES				
Current Assets				
Stock In Trade	"G"	29,970,755		6,481,230
Sundry Debtors	"H"	482,780,160		1,615,202
Cash and Bank Balances	"I"	2,708,492		9,305,748
Loans and Advances	"J"	270,868,102		171,186,322
		786,327,509	1,015,735,000	188,588,502
Less: Current Liabilities And Provisions				
Current Liabilities	"K"	79,973,295		17,840,661
Provisions	"L"	3,996,059		650,677
		83,969,354	702,358,155	18,491,338
Net Current Assets				170,097,164
MISCELLANEOUS EXPENSES (to the extent not written off)				
	"M"		2,229,387	-
PROFIT AND LOSS ACCOUNT TOTAL				
			5,775,305	7,511,997
			1,774,702,915	1,522,462,447

Significant Accounting Policies & Notes On Accounts

"U"

The Schedules referred to above from an integral part of the Balance Sheet As Per Our Audit Report Of Even Date attached

For N. R. PARIKH & CO.
Chartered Accountants

Sd/-

N. R. PARIKH, Partner
Vadodara : 01-09-2011

FOR AND ON BEHALF OF THE BOARD of Directors
For PRABHAV INDUSTRIES LIMITED

Sd/-

Sd/-

Mr. Jayesh Thakkar Mr. Bhavesh Desai
DIRECTOR DIRECTOR

VADODARA : 01-09-2011

PRABHAV INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2011

Particulars	2010-11	2009-10
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before extraordinary items	3,856,092	1,006,126
Adjustment for -		
Depreciation	5,652,475	473,387
Preliminary Expenses Written off	557,345	1,887,269
Operating Profit/(Loss) before working capital	10,065,912	3,366,781
Adjustment for -		
Sundry Creditors & Other Payable	64,378,016	10,478,269
Trade & Other Receivables	(481,164,958)	(97,696,082)
Inventory	(23,489,525)	(6,479,000)
Cash Generated / (Used) from Operating Activities	(430,210,555)	(90,330,032)
Extra Ordinary Items		
Pre-operative Expenditure	(2,786,732)	(977,596)
Payment of Taxes		(93,089)
Net Cash Generated / (Used) From Operating Activities	(432,997,287)	(91,400,717)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(16,779,478)	(19,386,619)
Sale/(Purchase) of Investment	291,640,220	(1,307,375,220)
Sale of Fixed Assets		-
Net Cash Flow / (Used) in investing Activities	274,860,742	(1,326,761,839)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Equity Share Capital	-	1,403,993,750
Share Application Money	-	-
Proceeds / Repayment from Long Term Borrowing (Net)	251,221,068	23,280,641
Proceeds/Repayment from Short Term Borrowing (Net)	(99,681,781)	-
Net Cash Generated from Financing Activities	151,539,287)	1,427,274,391
Net Increase (+) / Decrease (-) in Cash and Cash Equivalents	(6,597,257)	9,111,835
Cash and Cash Equivalent (Opening Balance)	9,305,749	193,914
Cash and Cash Equivalent (Closing Balance)	2,708,492	9,305,749

The Schedules referred to above from an integral part of the Balance Sheet

As per our Audit Report of even date attached

For **N. R. PARIKH & CO.**
Chartered Accountants

Sd/-

N. R. PARIKH, Partner
Vadodara : 01-09-2011

FOR AND ON BEHALF OF THE BOARD of Directors
For **PRABHAV INDUSTRIES LIMITED**

Sd/-

Sd/-

Mr. Jayesh Thakkar **Mr. Bhavesh Desai**
DIRECTOR DIRECTOR

VADODARA : 01-09-2011

PRABHAV INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As at 31st March, 2011	As at 31st March, 2010
Schedule "A"		
SHARE CAPITAL		
Authorised :		
5,50,00,000 Equity Shares of Rs. 10/- each (P.Y. 5,50,00,000 Equity Shares of Rs. 10 each)	550,000,000	550,000,000
Issued & Subscribed Capital :		
5,08,60,000 Equity shares of Rs. 10/- each fully paid up (P.Y. 5,08,60,000 Equity shares of Rs. 10/- each fully paid up)	508,600,000	508,600,000
Paid up Capital		
50,760,500 Equity Shares of Rs. 10/- each Fully paid In cash at par	507,605,000	507,605,000
Less : Share forfeited	46,714,000	46,714,000
TOTAL	460,891,000	460,891,000
Out of the above shares :		
1,40,100,000 Equity Shares of Rs. 10/- each fully paid up allotted as Shares warrants at predetermined conversion rate of Rs. 35/- each during the year 2009-10		
Schedule "B"		
RESERVE AND SURPLUS		
Securities Premium Account (On issue of Preferential Issue of Equity Shares)	1,002,500,000	1,002,500,000
Share Forfiture Reserve	23,357,000	23,357,000
	1,025,857,000	1,025,857,000
Schedule "C"		
SECURED LOANS		
Overdraft (Hypotication on the Entire Stock of Inventory, Receivable, Bills and other Current Assets of the Company)	24,851,963	-
Term Loan-Car Loan (Hypothication of Vehicle purchased thereunder)	776,261	-
	25,628,224	-
Schedule "D"		
UNSECURED LOANS		
From Directors	24,507,040	12,257,655
Inter corporate loans	223,210,501	4,394,000
From others	13,096,000	18,596,042
TOTAL	260,813,541	35,220,697

PRABHAV INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As at 31st March, 2011	As at 31st March, 2010
Schedule "G"		
INVENTORIES		
(As taken valued and certified by the Managing Director)		
(Lower of cost or net realisation value)		
Finished Goods	9,324,000	5,129,000
Raw Materials	6,583,160	1,350,000
Trading Scrap	14,061,365	-
Equity Shares	2,230	2,230
	29,970,755	6,481,230
Schedule "H"		
Sundry Debtors (considered as all unsecured)		
Debts outstanding for a period exceeding six months	697,850	697,850
Other debts	482,082,310	917,352.00
Total	482,780,160	1,615,202
Schedule "I"		
CASH AND BANK BALANCES		
Cash on hand	241,019	211,333
Balance with Scheduled banks		
Current Accounts	2,467,473	9,094,380
Balance with Non Schedule Bank		
Co-operative Bank of Ahmedabad	-	35
Total	2,708,492	9,305,748
Schedule "J"		
LOANS AND ADVANCES		
Unsecured, Considered good unless otherwise stated Advances recoverable in cash or kind or for value to be received		
Intercorporate Loans	173,248,244	77,194,447
Loans to Others	76,766,270	82,882,735
TDS Receivable	1,025,764	253,792
Advances for Land Acquisition	10,132,439	-
Deposits	3,804,149	10,855,348
Advances to Suppliers	4,717,249	-
Other Advances	1,173,988	-
Total	270,868,102	171,186,322

PRABHAV INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	As at 31st March, 2011	As at 31st March, 2010
Schedule "K"		
CURRENT LIABILITIES		
Sundry Creditors	78,589,598	16,962,126
Advances form Customers	495,683	-
Brokerage Payable	878,535	878,535
Service Tax Payable	9,480	
Total	79,973,295	17,840,661
Schedule "L"		
PROVISIONS		
Other Liabilities & Provisions	2,708,844	494,555
Tax Deducted at Source	133,059	75,514
Provision for Taxation - A. Y. 2011-12	1,100,000	0
Provision for Taxation - A. Y. 1997-1998 & A. Y. 1999-2000	54,156	80,608
	3,996,059	650,677
Schedule "M"		
Miscellaneous Expenses		
Preliminary Exp.	6	-
ROC Fess Expense	2,229,381	-
	2,229,387	-

PRABHAV INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Schedule "E"

FIXED ASSETS

Particular	Rate	Gross Block As on 01.04.2010	Addition During the year	Deduction during the year	Total As on 31.03.2011	Depreciation As on 01.04.2010	Depreciation for the year	Depreciation on Deduction	Total Depreciation on as on 31.03.2011	Net Block As on 31.03.2011	Net block as on 31.03.2010
Building & Shed	WDV	4,642,165	662,993	-	5,325,159	38,685	522,956	-	561,641	4,763,518	4,603,481
Plant & Machinery	WDV	18,651,125	5,618,692	-	24,269,817	216,198	2,920,022	-	3,136,220	21,133,597	18,434,927
CI Ingots Moulds	WDV	2,619,019	-	-	2,619,019	30,356	364,306	-	394,664	2,224,355	2,588,660
Crane	WDV	1,601,250	-	-	1,601,250	16,561	222,734	-	241,295	1,359,955	1,582,689
Electrical Installa	WDV	9,487,475	222,466	-	9,709,941	109,976	1,350,653	-	1,460,628	8,249,312	9,377,499
Transformer	WDV	284,130	-	-	284,130	3,294	39,522	-	42,816	241,314	280,836
Air Compressor	WDV	50,925	-	-	50,925	590	7,084	-	7,674	43,251	50,335
Laboratory Equipment	WDV	12,888	-	-	12,888	4,332	1,793	-	6,125	6,763	8,556
Computers & Printers	WDV	540,805	132,698	-	673,303	520,963	16,703	-	537,666	135,637	19,642
Software Erp4All	WDV	945,000	-	-	945,000	497,502	131,450	-	628,952	316,049	447,498
Office Equipments	WDV	22,960	14,450	-	37,410	8,264	5,275	-	13,540	23,870	14,696
Furniture & Fixtures	WDV	120,454	-	-	130,454	66,699	11,540	-	78,238	52,216	63,755
Motor Vehicle	WDV	454,661	1,633,311	484,661	1,633,311	484,661	56,798	484,661	56,798	1,576,513	-
Auto Level Meter	WDV	10,500	-	-	10,500	5,010	1,640	-	6,650	3,850	5,490
Total		39,483,158	8,304,610	484,661	47,303,107	2,005,093	5,652,475	484,661	7,172,907	40,130,200	37,478,065
Previous Year		2,098,750	37,384,398	-	39,483,158	1,531,706	473,387	-	2,005,093	37,478,065	567,054

PRABHAV INDUSTRIES LIMITED

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

Schedule "F"

INVESTMENTS

Particulars	No. of Shares	Face Value	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
(Long Term, Unquoted) - Fully Paid up Equity Shares				
Active Tradecomm Pvt. Ltd.	5,000	10	-	5,000,000
Ajaramar Fabrics Pvt. Ltd.	60,000	10	30,000,000	-
Akshar Buildtech Pvt. Ltd.	60,000	10	30,000,000	-
Akshar Entertainment Pvt. Ltd. (P.Y. 800000 Shares)	850,000	10	85,000,000	80,000,000
Andura Infracore Pvt. Ltd.	375,000	10	37,500,000	-
Aqua Electronics Solutions	60,000	10	30,000,000	-
Aspect Developers Pvt. Ltd.	60,000	10	7,500,000	-
Badrinath Bater Pvt. Ltd.	265,000	10	53,000,000	-
Bansal Diamonds Pvt. Ltd.	490,000	10	-	24,500,000
BBS Impex Pvt. Ltd.	10,000	10	-	1,000,000
Bga Tradelink Pvt. Ltd.	50,000	10	6,500,000	-
Blue Peacock Securities Pvt. Ltd.	50,000	10	-	10,000,000
Blue Sky Agencies Pvt. Ltd. (P.Y. 150000 Shares)	25,000	10	5,000,000	30,000,000
Brand Impressions Pvt. Ltd. (P.Y. 20000 Shares)	10,000	10	5,000,000	10,000,000
Candor Infracore Pvt. Ltd.	1,900,000	10	-	19,000,000
City Gold Education Research Ltd.	41,700	100	-	50,040,000
Cobolt Infra Project Pvt. Ltd.	1,000,000	10	-	10,000,000
Coral Granito Pvt. Ltd.	100,000	10	-	5,000,000
Credential Equities Pvt.Ltd	75,000	10	-	7,500,000
Deshmukh Electrical Consultants Pvt. Ltd.	470	100	4,700,000	-
Devu Tools Pvt. Ltd.	36,000	10	9,000,000	9,000,000
Diyajyoti Steel Ltd.	18,750	10	7,500,000	-
Dpk Eelectrosales India Pvt. Ltd.	850	100	5,100,000	-
Dreamland Textile	4,000	100	4,000,000	-
Fern Infrastructure Pvt.Ltd.	33,400	100	40,080,000	40,080,000
Geetanjali Spac Pvt. Ltd.	10,000	10	2,500,000	2,500,000
GI Constructions Pvt. Ltd. (P.Y. 30000 Shares)	45,000	10	13,950,000	9,300,000
Himalaya Barter Pvt. Ltd.	30,000	10	-	15,000,000
Jagati Publications Ltd.	27,777	10	-	9,999,720
Jashmin Steel Trading Limited	25,000	10	10,000,000	-
Jhankar Banquets Pvt. Ltd.	37,500	10	30,000,000	30,000,000
Juliet Merchants Pvt. Ltd.	26,000	10	-	26,000,000
Kalsha Builders Pvt. Ltd.	1,500	10	30,000,000	-
KTC Constructions Pvt. Ltd.	7,000	10	-	3,500,000

PRABHAV INDUSTRIES LIMITED

Particulars	No. Of Shares	Face Value	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
Leen Construction Pvt. Ltd.	25,000	10	-	2,500,000
M. R. Shah Logistics pvt. Ltd.	300,000	10	15,000,000	-
Macro Deicomm Pvt. Ltd.	26,000	10	-	26,000,000
Magelian Enterprises Pvt. Ltd.	350,000	10	-	35,000,000
Malhotra Rubbers Ltd.	17,500	10	5,250,000	5,250,000
Mangala Laxmi Industries Pvt. Ltd.	80,000	10	-	20,000,000
Maple Goods Pvt. Ltd.	175,000	10	-	35,000,000
Marina Commodeal Pvt. Ltd.	2,300	10	2,300,000	2,300,000
Marsh Steel Trading Ltd.	37,500	10	15,000,000	-
Marygold Enterprises Pvt. Ltd.	100,000	10	-	10,000,000
Matrix Barter Pvt. Ltd.	50,000	10	-	10,000,000
Mico Plast Industries Pvt. Ltd.	10,000	10	10,100,000	-
Moon City Vincom Pvt. Ltd.	30,000	10	-	30,000,000
More & Kande Hotels & Investment	32,500	100	-	6,500,000
Navyug Fin-sec. Pvt.Ltd.	7,500	100	-	7,500,000
Neminath Trade Pvt. Ltd.	475,000	10	-	47,500,000
Ostwal Plant Pvt. Ltd.	2,500	100	5,000,000	5,000,000
Pitamber Vinimay Pvt. Ltd.	250,000	10	50,000,000	-
Prakesh Stainless Steels Pvt.Ltd.	75,000	10	-	7,500,000
Prateek Bulls & Bears Pvt. Ltd.	50,000	1	10,000,000	-
Praveen Jewellers Pvt. Ltd.	12,250	10	-	2,450,000
Punarvasu Enterprises Pvt. Ltd.	75,000	10	-	7,500,000
Rajshah Enterprises Pvt. Ltd.	53,000	10	26,500,000	-
Ratnagiri Enclave Pvt. Ltd.	25,000	10	5,000,000	5,000,000
Right Choice Vanijya Pvt. Ltd.	25,000	10	5,000,000	5,000,000
Rupakar Tradeli	25,000	10	5,000,000	5,000,000
Rupnarayan Niketan Pvt. Ltd.	25,000	10	5,000,000	5,000,000
Scanner Systems & Technologies Pvt. Ltd.	50,000	10	-	5,000,000
Seaview Suppliers Pvt. Ltd.	225,000	10	-	45,000,000
Shakti Tex Coaters Pvt. Ltd.	50,000	10	-	5,000,000
Shree City Colonisers Pvt. Ltd.	20,000	10	-	2,000,000
Shree City Developers Pvt. Ltd.	5,000	10	-	500,000
Shree Sai Steel Industries India	50,000	10	-	20,500,000
Silver Emporium Pvt. Ltd.	93,750	10	-	15,000,000
Sine Wave Biomass Power Pvt. Ltd.	30,000	10	3,000,000	-
Snehsil Marketing Pvt. Ltd.	325,000	10	65,000,000	-
Sokal Exports Pvt. Ltd.	3,250	100	-	6,500,000
Sona Cars Pvt. Ltd.	32,250	10	8,055,000	-
Sparkel Fabrics Pvt. Ltd.	10,000	100	1,000,000	-
Sruti Filatex Private Ltd.	100,000	10	-	1,000,000
Sukchain Properties Pvt. Ltd.	50,000	10	5,000,000	-
Tanish Estate Developers Pvt. Ltd.	12,500	10	12,500,000	-
Tanish Homes & Constructions Pvt. Ltd.	14,500	10	14,500,000	-
Tanish Projects Pvt. Ltd.	5,000	10	5,000,000	-

PRABHAV INDUSTRIES LIMITED

Particulars	No. Of Shares	Face Value	As At 31-03-2011 Rs.	As At 31-03-2010 Rs.
Teena Housing Finance Co. Ltd.	25,000	10	-	2,500,000
Trustworthy Viniyog Pvt. Ltd.	75,000	10	15,000,000	-
Unicon commodeal Pvt. Ltd.	5,000	10	5,000,000	5,000,000
Viz Infra Consultant Pvt. Ltd.	2,500,000	10	-	25,000,000
Xanthus Developers Pvt. Ltd.	2,100,000	10	-	21,000,000
Yanki Infrastructura Pvt. Ltd.	305,500	10	10,000,000	-
Yes Equities Pvt. Ltd.	50,000	10	10,000,000	-
Prraneta Industria Ltd.	-	-	78,500,000	-
Share Application Money				
(Long Term, Unquoted)-Partly paid up Equity Shares				
Amirashmi Finstock Pvt. Ltd.-Paid up Rs.5	100,000	10	1,500,000	10,000,000
Gajanand Infracon Pvt. Ltd.-Paid up Rs. 5	38,000	10	9,500,000	-
Himanshu Horns Pvt. Ltd.-Paid up Rs. 5	138,000	10	34,500,000	-
Neminath Trade Pvt. Ltd. - Paid up Rs. 5	718,750	10	57,500,000	-
Sheil Mercantile Pvt. Ltd. Paid up Rs. 5	350,000	10	17,500,000	-
Swashwat Realty Developers Pvt. Ltd. Paid up Rs. 5	44,000	10	2,200,000	-
Vaishali Realities Pvt. Ltd. - Paid up Rs. 5	200,000	10	10,000,000	-
Vastupal Infra Pvt. Ltd. - Paid up Rs. 5	60,000	10	15,000,00	-
Seth Carbon and Alloys Pvt. Ltd.- Paid up Rs. 8	52,500	10	-	21,000,000
(Refer Note No 3 of Schedule M) Total A			975,735,000	954,375,220
Investment in Securities - Unquoted			40,000,000	353,000,000
(Refer Note No. 3 of Schedule M) Total B			40,000,000	353,000,000
			1,015,735,000	1,307,375,220

PRABHAV INDUSTRIES LIMITED

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	28373	State Code	04
Balance Sheet Date	31/03/2011		

II. Capital raised during the year : NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.) :

SOURCES OF FUNDS	Total Liabilities	Total Assets
	1,858,672,269	1,858,672,270
	Paid-up Capital	Reserve & Surplus
	461,384,750	1,025,857,000
	Secured Loans	Unsecured Loans
	25,628,224	260,813,541
	Deferred Tax Liability	
	1,019,400	
APPLICATION OF FUNDS		
	Net Fixed Assets	Investments
	48,605,068	1,015,735,000
	Net Current Assets	Misc. Expenditure
	702,358,155	2,229,387
	Accumulated Losses	
	5,775,305	

IV. Performance of Company (Amount in Rs.)

Turnover	822,884,222	Total Expenditure	831,632,020
Profit Before Tax	3,856,092	Profit After Tax	1,736,692
Earning Per Share	0.04	Dividend Rate %	NIL

V. Generic Names of Three Principal Products of the Company (As per Monetary Terms)

Item Code No. (ITC)	Product Description - Not Applicable
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The Schedules referred to above from an integral part of the Balance Sheet

As per our Audit Report of even date attached

For **N. R. PARIKH & CO.**
Chartered Accountants

Sd/-

N. R. PARIKH, Partner
Vadodara : 01-09-2011

FOR AND ON BEHALF OF THE BOARD of Directors
For **PRABHAV INDUSTRIES LIMITED**

Sd/-

Mr. Jayesh Thakkar **Mr. Bhavesh Desai**

Chairman & MD

Sd/-

Director

VADODARA : 01-09-2011

PRABHAV INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2011

Particulars	As at 31st March, 2011	As at 31st March, 2010
Schedule "N"		
OTHER INCOME		
Discount & Kasar	210,943	12,098
Profit on Sale of Investments	1,964,359	850,000
Interest Received	5,186,262	1,212,534
Misc. Income	34,018	-
	7,395,582	2,074,632
Schedule "O"		
CLOSING STOCK		
Finished Goods	9,324,000	5,129,000
Trading Materials	14,061,365	0
Equity Shares	2,230	2,230
Less : Opening Stock		
Finished Goods	5,129,000	0
Scrap Materials	0	0
Equity Shares	2,230	2,230
	18,256,365	5,129,000
Schedule "P"		
CONSUMPTION OF RAW MATERIALS		
Opening Stock	1,350,000	-
Add : Purchase	219,185,237	22,394,147
Add : Custom Duty	1,354,754	-
	221,889,991	22,394,147
Less : Closing Stock	6,583,160	1,350,000
	215,306,831	21,044,147
Schedule "Q"		
MANUFACTURING EXPENSES		
Power & Fuel Charges	23,951,263	2,699,219
Labour Charges Expenses	2,838,085	251,000
Freight & Carting Charges	2,468,345	267,282
Other Direct Charges	400,361	-
Tender Fees	11,030	20,040
	29,669,084	3,237,541
Schedule "R"		
PERSONNEL EXPENSES		
Director Remuneration	119,000	-
Salaries & Wages Expenses	884,084	358,950
Security Expenses	288,572	16,908
	1,291,656	375,858

PRABHAV INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2011

Particulars	Year Ended 31st March, 2011 Amount (Rs.)	Year Ended 31st March, 2010 Amount (Rs.)
Schedule "S"		
ADMINISTRATIVE EXPENSES		
Advertisement Expenses	69,915	-
Audit Fees	165,450	66,180
Building Maintenance Charges	32,332	28,980
Sales Commission & Promotion	487,610	21,632
Conveyance & Vehicle Running Expenses	299,802	4,600
Custodian Charges	121,330	28,678
Demate Charges	-	1,600
Electricity Expenses	116,656	8,610
Fees paid to CDSL for connectivity	-	55,000
Fees, Rates & Taxes	119,637	62,927
Internate Charges	15,394	19,497
Legal & Professional Fees	310,844	133,112
Office & Miscellaneous Expenses	175,194	13,098
Penalty paid to Stock Exchange	-	480,000
Post and Courier Expenses	16,079	17,471
Printing & Stationery Expenses	85,292	17,072
Rent	822,500	-
Repaires & Maintainance	233,583	6,830
Right Issue Expenses	-	414,159
Staff Welfare Expenses	52,117	3,358
Stock Exchange Listing Fees	174,900	29,781
Subscription / Membership Fees	22,551	6,155
Telephone Expenses	181,802	9,888
Travelling Expenses	698,413	36,154
VAT Panalty	-	100
	4,201,401	1,464,882
Schedule "T"		
FINANCE AND BANK CHARGES		
Bank Charges	395,196	24,028
Interest Paid	503,356	12,137
Interest on Fringe Benefit Tax	-	637
Interest on Income Tax	-	9,637
	898,552	46,438

PRABHAV INDUSTRIES LIMITED

NOTES TO ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE - "U"

1) SIGNIFICANT ACCOUNTING POLICIES:

a) *Accounting Convention*

The financial statements are prepared under historical cost convention, on accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 ("the Act").

b) *Use of Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates and revisions, if any, are recognized in the current and future periods.

c) *Fixed Assets & Depreciation.*

(i) Fixed assets are stated at cost less accumulated depreciation/amortisation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(ii) Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not ready for use as at the year end, are disclosed as capital work-in progress.

(iii) Depreciation on fixed assets is provided on WDV method on pro rata basis from the date of addition at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

d) *Investments*

Investments classified as long-term investments are stated at cost. Diminution in the investment has not been worked out and provided.

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e) Inventory

Inventory comprises of raw materials, Semi finished and Finished goods are valued at Cost or net realizable Value, whichever is lower.

Consumable stores are written off in the year of Purchase.

f) Employee Benefits

Provision for gratuity has not been made as none of the employee have completed the minimum qualified period of services.

g) Claims, Demands and Contingencies

Details of disputed and or contingent liabilities are not available.

h) Provision for Current and Deferred Tax :

i) Tax liability of the company is estimated considering the provision of Income Tax Act, 1961.

ii) Deferred tax is recognized subject to consideration of prudence, on timing difference being the difference between taxable incomes and accounting income that originate in one period, and are capable of reversal in one or more subsequent period(s). Such deferred tax is quantified using rates and laws enacted or substantively enacted as at the end of the financial year.

i) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

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j) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economics benefits will flow to the company and the revenue can be reliably measured.

Sale of Goods:

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales re reported net of Sales Tax and Excise Duty.

Interest:

Revenue is recognized on a time proportion basis talking into accounts the amount outstanding and the rate applicable.

k) Foreign currency transactions

Transactions in foreign currency and non-monetary assets are accounted for at the exchange rate prevailing on the date of the transaction. All monetary items denominated in foreign currency are converted at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognized as income or as expenses in the year in which they arise.

- 2) Estimate account of contract remaining to be executed on capital account and not provided for (Net of Advances) Rs. Nil. (Previous Year Nil)

3) **INVESTMENTS:**

The Company has made investment in Equity Shares of various unlisted companies for the cost of Rs. 7495.35 Lacs (Including under long terms investment of equity shares fully paid up with premium of Rs. 7107.80 Lacs) We are unable to state the book value of the said investment as the details for the same as recorded are yet to be made available for our verification.

The Company has made investment in Equity Shares of various unlisted companies for the cost of Rs.1877.00 Lacs (Including under long terms investment of equity shares partly paid shares with premium of Rs. 1312.12 Lacs) and Share Application Money for Prraneta Industries Ltd shares of Rs. 785.00 Lacs. We are unable to ascertain the details for the same, as records are yet to be made available for our verification.

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4) SEGMENT INFORMATION:

(Rs. In Lacs)

	Steel Div.		Software Division		Contract Division		Share Division		Trading Division		Total	
	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10	10-11	09-10
Revenue	2582.10	239.54	0.00	0.03	2.12	0	0	0	5644.62	0	8228.84	239.57
Total Revenue	2582.10	239.54	0.00	0.03	2.12	0	0	0	5644.62	0	8228.84	239.57
Profit/ (Loss) Before Taxes	2.14	10.44	(1.45)	(1.08)	2.12	(0.23)	0	(0)	92.27	0	95.08	9.13
Segment Assets	17974.15	14738.63	858.04	589.20	21.58	6.51	7.14	0	0	0	18860.91	15334.41
Segment Liability	3786.50	473.01	31.27	37.10	18.31	20.88	6.14	6.14	0	0	3842.22	537.12
Capital Expenditure	169.80	373.84	0	0	0	0	0	0	0	0	169.80	373.84
Depreciation	55.06	4.18	1.43	0.52	0.03	0.03	0	0	0	0	56.52	4.73

5) In the opinion of the Management, the Provident Fund and ESI act are not applicable, hence no provision have been made for the same.

6) EARNINGS PER SHARE :

Sr No.	Particulars	2010-11	2009-10
A.	Net Profit / (Loss) after Tax Available for Equity Share Holder	1736692	913037
B.	Weighted Average no of Equity Share of Rs. 10/- each outstanding during the year (No. of Shares)	46089100	46089100
C.	Basic EPS Rs.	0.04	0.02
D.	Diluted EPS Rs.	0.04	0.02

7) Loans & Advances in nature of Loans given to Subsidiaries, Associates & Others as on 31.03.2011 RS.1739.38 Lacs (P.Y. Rs. 1568.74 Lacs)

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8) CAPACITY AND PRODUCTION

Particular	Units	Installed Capacity		Production	
		2010-11	2009-10	2010-11	2009-10
MS Ingots	M/T	10220	10220	9324.42	865.70

- 9) Sundry Creditors, Unsecured loans, other liabilities, loans and advances, sundry debtors, and other current assets are subject to confirmation and no exercise carried out to determine bad amount. If any.
- 10) In respect of advances given in past years, there are no efforts made for the recovery. No provision has been made for Bad & Doubtful Advances and interest there on.
- 11) Accounts of Debtors are unconfirmed. No provision has been made for Bad & Doubtful Debts.
- 12) Where no external evidence is available, the directors have approved all such transactions.
- 13) Directors Remuneration: Rs. 1,19,000/- (P.Y. – Nil)
- 14) Auditors Remuneration : Rs. 1,50,000/- & Taxes (P.Y.60,000/- & Taxes)
- 15) In the opinion of the Director, Current Assets, Loans & Advances have value at which they are stated in the Balance Sheet, if realized in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- 16) No loans and advances have been made to directors, Firms and to the Companies in which Director/ relative are/were interested as director / partner / proprietor during the year, except Rs. 484.43 Lacs in past year to directors, Firms and to the Companies in which Director/ relative are/were interested as director / partner / proprietor which is continuing contravention of Section 295 of companies Act, 1956.
- 17) For Section 372A of the Companies Act, 1956 for aggregate inter-corporate Loan of Rs. 1732.84 Lacs and investment of Rs. 10157.35 Lacs in excess of the limit specified thereto, however the resolution has been passed for Rs. 20000.00 Lacs aggregate inter-corporate Loan and investment by postal ballot.
- 18) Since the beginning, the company is in the process of compiling with the provision of Section 383A of the Companies Act, 1956 relating to appointment of a whole time secretary. In the absence of the company secretary with the company, we are unable to comment on the

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maintenance of various statutory registers, records, compliance of Stock Exchange listing agreement, SEBI Rules & Regulation and The Companies Act, 1956.

- 19) Micro Small & Medium Enterprise: The company is in the process of compiling the relevant information. As the relevant information is not yet readily available and / or not given or confirmed by such enterprise, it is not possible to give required information in the accounts. However, in view of the management the impact of interest, if any which may subsequently become payable to such enterprise in accordance with the provision of the Act, would not be material and the same, if any would be disclosed in the year of payments of interest.

In the absence of the necessary information with the company relating to the registration status of the suppliers under Micro, Small and Medium Enterprise Development Act, 2006, the information required under the said Act could not be complied and disclosed.

- 20) The Net deferred tax liability comprises of the difference between Book and Income Tax Depreciation on Fixed Assets of Rs. 10.19 Lacs.
- 21) Additional Information as required by para 3, 4 and 4-A to 4-D of Part II of Schedule VI to the companies Act, 1956.

Sr No.	Particulars	2010-11 Amt Rs.	2009-10 Amt Rs.
I	Turn Over	815488640	22332016
II	<u>Consumption of Raw Material</u>		
	Imported	Nil	Nil
	Indigenous	215306831	
III	Value of Imports on CIF Basis - Traded Goods	9115380	Nil
IV	Earning in Foreign Currency	Nil	Nil
V	Expenditure in Foreign Currency - Purchase	9115380	Nil

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22) QUANTITATIVE INFORMATION (AS PER CERTIFIED BY THE MANAGEMENT) :

Items	Opening Stock		Purchase		Consumed		Net Closing Stock	
	Units	Value (Rs.)	Units	Value (Rs.)	Units	Value (Rs.)	Units	Value (Rs.)
Raw Material	75	1350000	11028.36	220436634	10735.78	213736631	292.585	6583160
Trading Aluminum	0	0	1172.325	31891390	659.620	19832295	512.705	10752000
	0	0	163.119	14750564	113.762	14750564	49.357	3309365

Finished Goods

Items	Opening Stock		Manufacture		Sales		Net Closing Stock	
	Units	Value (Rs.)	Units	Value (Rs.)	Units	Value (Rs.)	Units	Value (Rs.)
MS Ingots	223.84	5129000	9424.42	243396235	9314.49	250216159	333.76	9324000

23) RELATED PARTY DISCLOSURES

- a) List of related parties with whom transaction have taken place (As per Certified by the Management)

Sr. No.	Name of the Related Party	Relationship
A.	Associates Concern: Pavitra Corporation Natural Expo Agro Industries Ltd. Pacific Finstock Ltd Pacific Securities Ltd Jainil Developers Atreya Petro Chem Limited Ranger Software Tech Pvt Ltd Kavita Logistics Pytho Prabhav Marketing	Companies / Firms in which Directors / Relative of Director are interested
B.	Key Management Personnel Jayesh R Thakkar Bhavesh Desai Santosh Kahar	Director of the Company
C.	Mrs. Artiben J Thakkar	Relative of Director

PRABHAV INDUSTRIES LIMITED

b) Significant transaction during the past year and current year with related parties

(Rs. In Lacs)

Particulars	Companies / Firms in which Directors / Relative of Director are interested	Director of the Company	Relative of Director
Transactions			
Loan / Deposits given	38.20	1.25	0
Loan / Deposits taken / Recovery	1.20	0	0
Transportation & Rent Payment	21.89	0	0

24. Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

PRABHAV INDUSTRIES LIMITED

ATTENDANCE SLIP

Annual General Meeting: Day: Friday, 30th September, 2011 at 9:00 A.M.

Regd. Folio No. : _____

No. of Shares: _____

Client ID* : _____

DP ID No. : _____

Name of the member/Proxy: _____

I state that I am a member/proxy for the member of the Company. I hereby record my presence at the Annual General Meeting at the registered office of the Company.

Signature of the Shareholder

Signature of Attending Member/Proxy

***Applicable for investors holding shares in Electronic Form.**

Note: Please complete and sign this Attendance Slip and hand it over at the entrance.

PRABHAV INDUSTRIES LIMITED

PROXY FORM

Annual General Meeting: Day: Friday, 30th September, 2011 at 9:00 A.M.

Regd. Folio No. : _____

No. of Shares: _____

Client ID* : _____

DP ID No. : _____

I/We _____ of _____ being the member(s) of Prabhav Industries Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 902, Galav Chambers, Opp. Sardar Patel Statue, Sayaji Gunj, Vadodara -390 005 on Friday, 30th September, 2011 at 9:00 A.M. and at any adjournment thereof.

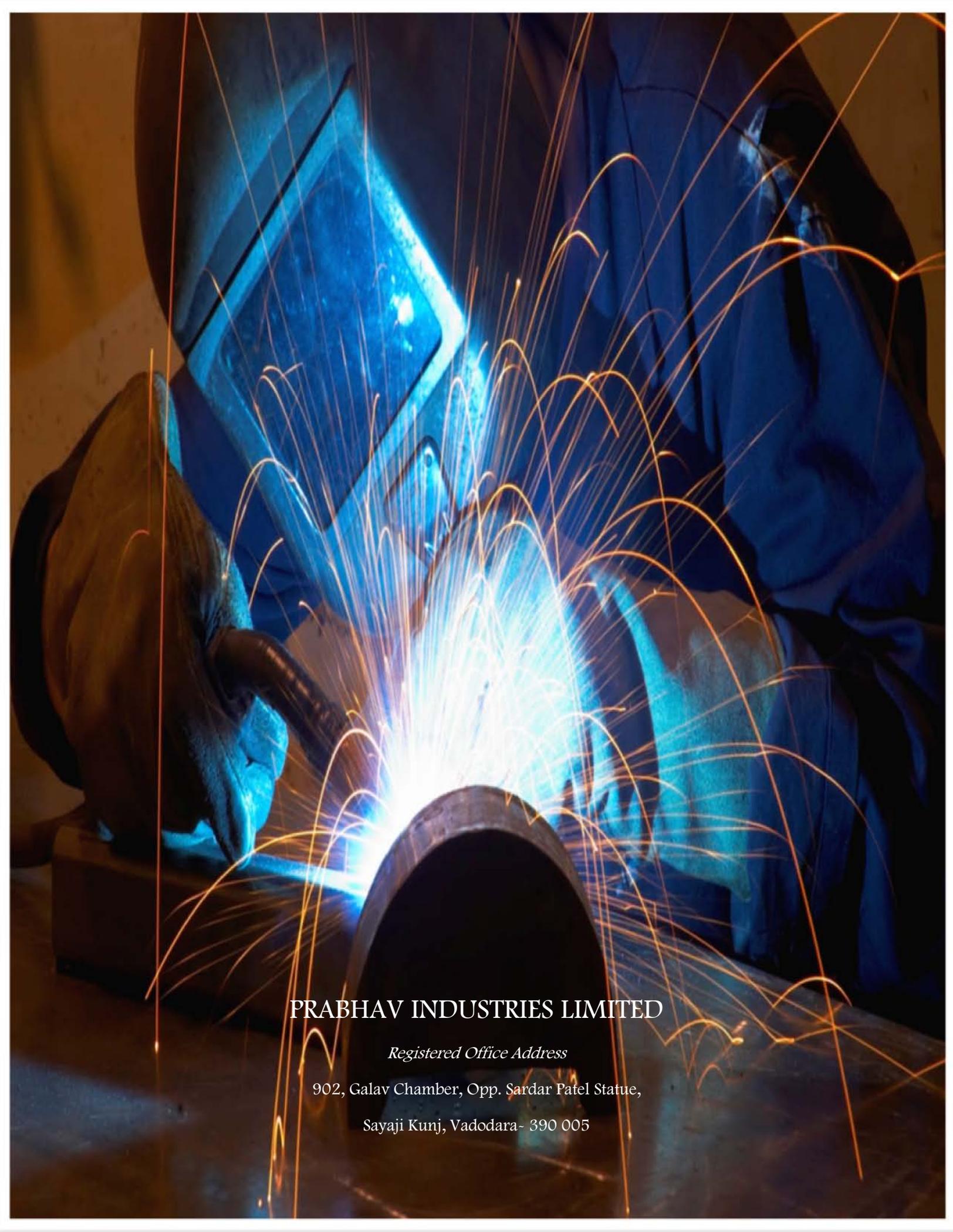
Signed this _____ day of 2011.

Signature of Proxy _____

Signature of Member _____

*Applicable for investors holding shares in electronic Form.

Note: The Proxy form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.



PRABHAV INDUSTRIES LIMITED

Registered Office Address

902, Galav Chamber, Opp. Sardar Patel Statue,

Sayaji Kunj, Vadodara- 390 005