

A welder wearing a blue protective suit and mask is welding a metal pipe. Bright sparks are flying out from the welding point, creating a dynamic and industrial scene. The welder's hands are visible, holding the welding torch and the pipe.

PRABHAV INDUSTRIES LIMITED

ANNUAL REPORT
2010~11

PRABHAV INDUSTRIES LIMITED

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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

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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.

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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.

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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

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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