

PRATIBHA INDUSTRIES LIMITED

Ideate Innovate Integrate



17th Annual Report | 2011-12



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Board Of Directors



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1. Mrs. Usha B. Kulkarni
Chairperson

2. Mr. Ajit B. Kulkarni
Managing Director

3. Mr. Vinayak B. Kulkarni
Whole Time Director

4. Mr. Rohit R. Katyal
Whole Time Director

5. Mr. Awinash M. Arondekar
Director

6. Mr. Shrikant T. Gadre
Director

7. Dr. S. L. Dhingra
Director

8. Mr. V. Sivakumaran
Director

9. Mr. Vilas B. Parulekar
Director

Company Secretary
Mr. Pankaj S. Chourasia

Bankers To the Company
Bank of Baroda
Axis Bank Limited
Bank of India
ICICI Bank Limited
Punjab National Bank
State Bank of India

Statutory Auditors
Jayesh Sanghrajka & Co.,
Chartered Accountants

Internal Auditors
Choksi & Choksi
Chartered Accountants

Cost Auditors
Narasimha Murthy & Co.
Cost Accountants

Registered Office
Shrikant Chambers, Phase - II,
Next to R. K. Studio,
Sion Trombay Road,
Chembur, Mumbai - 400 071
E-mail: info@pratibhagroup.com
Website: www.pratibhagroup.com

Corporate Office

14th Floor, Universal Majestic,
P. L. Lokhande Marg, Off. Ghatkopar
Mankhurd Link Road, Govandi (W),
Mumbai - 400 043.
Tel: 91 - 22 - 3955 9999
Fax: 91 - 22 - 3955 9900

Works

Plot No. 215, Vijaypur, P.O. Kone,
Bhiwandi - Wada Road,
Tal. Wada, Dist. Thane - 421 303.

Registrars and Transfer Agents

Link Intime India Private Limited,
(Formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, L.B.S.
Marg, Bhandup (W),
Mumbai - 400 078
Tel No. 91 - 22 - 2596 3838
Fax: 91 - 22 - 2594 6969
Website: www.linkintime.co.in
E-Mail: rnt.helpdesk@linkintime.co.in

17th ANNUAL GENERAL MEETING

On 12th July, 2012 at 3.00 p.m.

Hotel Oasis, Nr. Deonar Bus Depot,
Sion Trombay Road,
Deonar, Mumbai - 400 088

We, the Pratibha Industries family, proudly uphold our core value of our commitment to excel and reach the zenith of success with integrity, diligence and innovation, no matter what the situation in the world. We continue to recognise our people as our greatest assets and we hope that this year too, we stand by each other as we take on new challenges that will propel us into a much brighter future.

At Pratibha this year, our main focus will be to create and foster great Public-Private Partnerships and financial liaisons so that we can achieve our innovative and constructive goals, both literally and figuratively. This year, owing to the national focus on building infrastructure and renewable energy sources, we too at Pratibha Industries, are keeping our eyes firmly on these goals and are confident that with the optimum backing, guidance, investment and diligence, not only will we achieve these impressive heights but also in doing so, we will be able to raise the self-imposed bar for excellence, quality and growth.

Considering the burgeoning growth that India continues to show, in fields such as infrastructure, industry and finance, it is obvious that Pratibha would channelize its efforts on participating fully and profitably in some of these sectors. Our forte is, of course, construction and the pipe segment, but this year we've made bold and calculated forays into fields related to infrastructure such as oil and natural gas, environment and the futuristic arena of renewable energy. These fields don't just demonstrate growth in India but also globally, which is why our presence in the Middle East and association with official Dubai authorities like DEWA, can be of great significance and benefit.

The last fiscal year showed our profit book numbers shooting up and this year we aim to do the same, thanks to the foresight of the 12th Year Plan. While we believe that growth with profitability is a useful mantra to espouse, we also deeply care about how those profits are redistributed and the good it can do to society at large, for without our people's benefit and growth, we cannot hope to progress. With a firm commitment to uplifting those sections of society that need a helping hand, we strive to add value to life, through our products, services, resources and business standards.

I look forward to working with you, my trusted co-owners, Board of Directors, stakeholders, bankers and well-wishers and hope that you prosper along with Pratibha and that we all do our part in making this great nation of ours, even greater and brighter for the future generations to enjoy.

Word from Chairperson

77 year old, Mrs. Usha B. Kulkarni, has more than 52 years of administrative experience and has worked under various capacities in this organization.



“ We, the Pratibha Industries family, proudly uphold our core value of our commitment to excel and reach the zenith of success with integrity, diligence and innovation, no matter what the situation in the world. ”

Tunnel Project from DMRC



Company Profile

Pratibha Industries Limited is one of India's leading infrastructure companies. The Company is listed entity on the BSE and NSE. Our headquarters are in Mumbai and we enjoy a pan-India presence executing Projects in multiple states with zonal offices in Delhi and Hyderabad. We have an overseas zonal office in Dubai which serves as the hub of our Middle East activities. We have recently made an entry into the Bangladesh market as well and look forward to consolidate our presence there in the near future.

Pratibha Industries has, since its inception been a pioneer in the construction industry in India. Today we figure amongst the leaders in the Indian construction & infrastructure industry as we have continuously adapted to the rapid changes and challenges by making use of latest



Delhi Airport

technological developments. The landmark projects constructed by the company provide eloquent evidence of its versatile capabilities and unflinching commitment to the client's requirements.

Our core strength lies in our ability to deliver projects on time and within budget, at a level of quality that is unquestionably professional. At Pratibha we believe that the belief and commitment to excel, go hand in hand with what we give back to society and in keeping with this belief, we are committed to a consistent Corporate Social Responsibility programme.

Our construction division has three verticals: Water & Environmental Engineering, Urban Infrastructure and Buildings.

Water & Environmental Engineering: We provide end to end solutions to our clients in the complete range of Projects including but not limited to water transmission projects, water / waste water treatment projects, integrated water supply projects, water metering projects etc.

Urban Infrastructure: Our urban infrastructure portfolio caters to Clients in metros, airports, roads, tunnelling and micro-tunnelling sectors. We have a vivid reference list in this segment and are currently executing some of the most challenging projects of great diversity.

Buildings: This is our youngest vertical. In a short span of time, we have achieved remarkable progress by constructing iconic structures widely recognised as landmarks. We provide services to Government as well as Private Sector Clients. We have constructed high rise buildings, institutional buildings, residential complexes, commercial buildings and retail malls.

The company has grown at a CAGR of 33% in the past 6 years and has achieved a top-line of Rs. 1676 crores last fiscal. Our current order book is to the tune of nearly Rs.5800 crores.



Construction of Mahindra Tower, Goregaon

Corporate Social Responsibility (CSR)

We can do no great things. Only small things with great love - Mother Teresa

Walking in the footsteps of one of the greatest human beings ever to have graced this world, we at Pratibha Industries, understand the tremendous value of helping others, by first watering the plants in our own backyard before moving towards a larger world. We are grateful to be in a position of responsibility where we can be of service to our brethren.

Right from the personal experiences of our Chairperson, the personal and corporate philosophy of doing good, the value of hard work and effort, to the concept of sharing the benefits with those less fortunate, our philanthropic mission is simply to strive for a better, healthier society.

The Pratibha Foundation, inspired and established by our Chairperson is the primary vehicle that drives our sense of Corporate Social Responsibility. This public welfare organisation has dedicated itself to uplifting of the less fortunate segment of society by eradicating the cancer of poverty and promoting literacy everywhere.

To this end, we have conceptualised and executed activities specially designed for awareness and improvement like clothes donation drives, furniture donation to orphanages, healthy meals for children, books and educational equipment, hospital and medical welfare donations, to name but a few. In recognition of our sincere endeavours, our Chairperson has had the privilege of receiving awards, from the then President, Dr. Shankar Dayal Sharma, the 84th Akhil Bharatiya Marathi Sahitya Sammelan, the Karmayogini award from the Chief Minister of Maharashtra and the Successful Women Industrialists of Maharashtra award from the Gamdevi Mariaai Mandir Trust. Our Chairperson dedicates these awards to the entire family of Pratibha Industries for constantly inspiring her to strive and do better, for a better society.

Part of our mission is also to create a self-sufficient society that relies on sustainable resources and development and we promise to continue on this path of knowledge, awareness and altruism. Pratibha Industries is proud to be of service to not just its employees but also to all those in our society who need our help, understanding and guidance, because we believe a healthy and prosperous nation starts with a healthy and prosperous home.



Chairperson Mrs. Usha B. Kulkarni,
received 84th Marathi Sahitya Samelan Award (2010)
From Maharashtra C.M. Mr. Prithvi Raj Chavan
for her work in Marathi Sahitya.

Management Discussion And Analysis (MDA)

As India moves towards a stronger economic status, the bedrock of this phenomenon is the growth led by the infrastructure and construction sector. The 12th five year Plan will focus, as in the earlier plan will focus on accelerating the quality and pace of investment, especially by encouraging PPPs. Since construction accounts for more than 50% of the growth factor, it is imperative that maximum investment is attracted to this sector. Power projects, ports, roads, railways and bridges are instrumental in denoting the progress India makes and Pratibha Industries fully intends to participate in this rapidly growing sector.

The cornerstone of India's progress is also the key ingredient in every financial budget, with this year projecting investments of Rs. 50 lakh crores in the 12th Five Year Plan. About one-fourth of this investment will be made through PPP (Public Private Partnerships) and raising tax-free bonds worth Rs. 60,000 crores. While the investment in infrastructure will see a near-doubling at USD 1025 billion in the 12th Plan, successful implementation and achievement of targets remains dependent on four main factors: the creation of projects, the uptake of projects by private sector developers, start of construction and completion on time and within budget. It is a fact that India's success rate in this matter has not been 100% and unless the nation aims higher and makes bolder changes in its modus operandi, cuts out bureaucracy and manages growth sensibly and efficaciously, India will be held back from taking its seat as a true world class industry giant.

Improving macro-fundamentals, better fiscal incentives and an increased ability to pay user charges are all boosting India's potential in the infrastructural development arena. However, the ratio between private and public investment and involvement needs to show marked improvement to address the growing needs of a burgeoning economy. Even though world economies are in turmoil in this financial year, India will not join the ranks of recessed countries thanks to a younger working force that contributes more and consumes more. If government policy and reform support the pace of progress in India, there is no reason why we cannot achieve the industrial and financial targets for the financial year 2012-2013. By proactive selection of ripe sectors, striking the right alliances and most importantly with useful and timely governmental support, India Inc. can seize the opportunity of realising their full potential for growth.

In order to achieve maximum potential, the topmost priority has to be given enhancing the capacity and capability of the construction sector. We envision abundant opportunities in the immediate future and to this end we have partnered with leading global infrastructure

companies in an effort to learn and adopt their best practices and integrate their international standard of work systems into our modus operandi. Since infrastructure is a high investment field, we expect and are confident of large injections of capital in the years ahead. Part of the investment will be generated from timely liaisons with strategic financial institutions and investors. The creation of viable public private partnerships will facilitate the growing demand of this sector. Some of the iconic structures we have built stand testimony to our involvement in India's infrastructure growth. Not only are we growing by leaps and bounds in various sectors related to growth but we are also taking our most precious resource ahead with us- our people, whose commitment, talent and energy are the foundations upon which we base our success.

An analysis of the infrastructure sectors pertinent to the Company is detailed below.

WATER SUPPLY

Almost three quarters of India's sizeable population lives in water-stressed regions, where the situation ranges from no water at all to intermittent, unclean supply. Potable water is a modern myth for many and retards growth in more ways than one. Over-exploitation and pollution are the biggest obstacles in the delivery of clean water to many and the government fears that water wars could soon be a reality. However during the



Pipeline

2000s, there has been some improvement in the scenario, thanks to government and private sector initiatives and better management of resources. Even though it has been in the works since 2009, the National River Link Project in India (NRLP) has yet to move its wheels and prioritization of this is the need of the hour. This will greatly reduce regional disparities in water availability. An opportunity to create more water bearing structures will also greatly magnify once this project gains momentum and widespread public support. One of the most salient factors in the quicker and cleaner facilitation of water resources to all the remotest parts of India is the laying of water

pipelines. We see a tremendous opportunity in being involved in such a foundational rung of India's development. Since Water Supply is the first step towards futuristic industrial development and the nurturing of surrounding communities, it stands to reason that internationally this sector is seeing incredible innovation and fiscal incentives. We have attempted to broad base our participation in this sector which remains the bedrock of the Company.

SEWERAGE SYSTEMS

India's water bodies particularly rivers passing through urban areas or industrial areas are subjected to severe pollution levels. Off late, the Government has taken a number of initiatives to clean up these water bodies. The attempts to clean up the Mithi River in Mumbai, the Yamuna Action Plan and the Ganga Action Plan are some of the policy initiatives taken by the Government. The Yamuna Action Plan envisages the construction of a network of interceptor sewer systems that divert and direct the raw sewage flows and overflows to treatment plants thereby substantially reducing the pollution levels in the river. The Company takes pride in participating in such an initiative of national importance. The Interceptor Sewer Project being executed by the Company for Engineers India Limited and the Delhi Jal Board involves the laying of 33 kms of sewage network using trenchless technology and construction of sewage pumping stations to clean up the Yamuna.

ROADS

The transportation network of any country viz. its roads, railways, water ways and airways help establish the most significant leaps in progress and development for a country to be truly labelled as a developed one. India, a land where most of the lifelines of the country criss-cross through its over 5 million kilometres of roads, needs to expand, innovate, improve and maintain this all-important sector, to provide an impetus to growth and the economy. Projects like the National Highways Development Project, Yamuna Expressway and KMP Expressway are all part of the governmental effort to add about 600 kilometres of



Water Project from Haryana Urban Development Authority

highway per month on average, till 2014.

With an expected spend of USD100 billion between 2012 and 2017 and the government's ambitious aim to add an 18,637 kilometre network of brand new expressways by 2022, it is quite evident where the opportunities lie. In the latest budget, the government has doubled the infrastructure tax free bond amount to Rs. 60,000 crores for a highway target of 8800 kilometres. By fast-tracking the clearance of the roads and highways projects, there is great hope that the target of 7999 kilometres is completed on time and within budget, this year. In a move to boost the PPP concept, MORTH has decided to award 15 major projects totalling 1547 kilometres of roads and an additional 11 road projects totalling 1731 kilometres this financial year. A maintenance and repair fund of over USD200 million was awarded to MORTH.

Independent reports show that India has one of the three largest road networks in the world and yet its roads hamper the pace of progress and growth, effectively lowering its GDP by 1% to 2%. There is indeed great opportunity and scope for lessening the onerous red tape and optimally employing time and resources so that India's roads can rival the best in the world. Despite the huge opportunity that is presented by this sector, the company has been selective in pursuit of projects due to the intense competition prevailing. The company will continue to look at projects in the road sector over the medium term.

TUNNELING

Tunnelling is widely used in infrastructure projects be it in Metros, Water Conveyance, Hydro Power or Roads / Railways. The use of tunnel boring machines (TBM) has accelerated the pace of progress and assisted the completion of projects on time. The removal of customs duty on TBMs in this year's Union Budget will increase mechanised tunnelling. A spate of opportunities abound for underground construction such as hydropower, irrigation, and metros. Pratibha Industries has built up significant domain expertise in Tunnelling by virtue of having day-lighted more than 11 km of tunnels in and



TBM breakthrough

around Mumbai. The company has consolidated its presence in this segment by bagging a major Project from the Delhi Metro Rail Corporation using 2 state of the art TBMs.

MUNICIPAL SOLID WASTE MANAGEMENT

Solid waste management (SWM) is a basic public necessity and this service is provided by respective urban local bodies (ULBs) in India. SWM starts with the collection of solid wastes and ends with their disposal and/or beneficial use. Proper SWM requires separate collection of different wastes, called source separated waste collection. Source separated collection is common in high income regions of the world like Europe, North America and Japan where the infrastructure to transport separate waste streams exists. Most centralized municipal systems in low income countries like India collect solid wastes in a mixed form because source separate collection systems are non-existent. Source separated collection of waste is limited by infrastructure, personnel and public awareness. A significant amount of paper is collected in a source separated form, but informally. Indian cities are still struggling to achieve the collection and environmentally friendly treatment of all MSW generated. Metros and other big cities in India collect between 70- 90% of MSW. Smaller cities and towns collect less than 50%. The benchmark for collection is 100%, which is one of the most important targets for ULBs at present. This is a reason why source separated collection is not yet in the radar. Most of the waste generated in our country finds its way untreated into open lands, ponds and rivers, thereby emitting dangerous gases like methane, carbon dioxide and increasing the pollution levels and contributing to the Greenhouse effect. Waste management is a growing field in India and there is a pressing need to minimise the generation of wastes, for reusing and recycling them. This sector requires optimal and best business practices as well as innovative scientific approaches that improve collection, transportation, segregation and technologies for treatment and processing. However India is still in the nascent stages of waste management and creating by-products from that waste. There are more than 50,000 tonnes per day of waste generated in the Class I cities of India and over 30,000 per day tonnes from the other metros. Some new urban sectors still don't have adequate collection or transportation and disposal. Waste management is an area with great potential for expansion of business, ideas for innovative development and scope for improvement in the environmental quality.

BUILDINGS

The most sensitive and crucial aspect of infrastructure in urban India is its housing or the lack of it. The numbers speak for themselves. By 2025, 50% of

India's young population will live in the cities and almost half of them in slums. This is a sobering statistic which requires that this sector be given significance and its shortcomings be fully recognised and addressed as this is the sector that can either make or break India's international development.



DMRC Parking

Real estate, its availability and price is an important component leading to the development of urban infrastructure and has a very high investment value, especially in key cities like Delhi, Mumbai and Bangalore. 100 % FDI is now allowed with the government's permission for the development of townships and settlements. The government further allows External Commercial Borrowings (ECB) for low cost affordable housing projects and Credit Guarantee Trust Funds to ensure smooth processing of institutional credit for housing loans.

Traditionally this sector has seen investments through Government entities that cater mainly to the low & middle income groups as well as socially relevant sectors such as healthcare. The private sector that mainly caters to the middle and high income groups as well as commercial, retail and hospitality sectors. However investments from both these entities are lagging behind the potential demand leading to very high property prices particularly in Tier I Metros. The Company feels that affordable housing will have significant demand in the years to come and has in a short span of time developed full-fledged capabilities by executing a plethora of landmark Projects servicing both Government and Private sector clients.

CONCLUSION

In conclusion, it can be said that although India is well on its way towards industrial success, there are a few roadblocks, both political and non-political, that stand in the way of the pace of progress and development. The key to continued success is an ingenious combination of innovation and public private partnerships so that the task of taking India to newer heights can be shared equally by the public and private sectors, thereby pioneering equitable growth.