

PRABHAV INDUSTRIES LIMITED

Chinoi Building, Station Road, Vadodara-390 002

BOARD OF DIRECTORS

Mr. Jayesh Thakkar
Mr. Bhavesh Desai
Mr. Chirag Gada
Mr. Yatin Thakkar
Mr. Vinod Shinde
Mr. Chandrakant Gaikwad

REGISTERED OFFICE

Chinoi Building, Station Road, Vadodara-390 002.

CORPORATE OFFICE

Unit No.8, Bhagwan Mansion, 1st Floor, Cinema Lane, Marine Lines, Mumbai- 400 020.

AUDITORS

M/s. Mahendra P Shah & Co.
Chartered Accountants,
224, Unique Trade Centre, Opp. Hotel Surya, Sayajiganj, Vadodara-390 005.

COMPANY LAW ADVISOR

M/s. D. Pathak & Associates
Practicing Company Secretaries
204/5, Garden View, Nr. Kamati Baug Circle, Sayajiganj, Vadodara- 390005

REGISTAR & SHARE TRANSFER AGENT

Link-Intime India Pvt. Ltd.
1st Floor, 308, Jaldhara Complex, Manisha Chokdi, O. P. Road, Vadodara 390015

BANKERS

Bank of Baroda, Sayajiganj, Vadodara.
United Bank of India, Raopura, Vadodara.
Punjab National Bank, Mahajangali, Vadodara
Dena Bank, Vadodara.

PRABHAV INDUSTRIES LIMITED

Chinoi Building, Station Road, Vadodara-390 002

ANNUAL REPORT

2009 – 2010

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DIRECTORS REPORT

TO THE SHAREHOLDERS,

Your Directors take pleasure in presenting to you their Annual Report for the year ended 31st March, 2010.

❖ **FINANCIAL RESULTS:**

Following are the working results for the year 2009-2010:

PARTICULARS	Year ended <i>March, 31, 2010.</i>	Year ended <i>March, 31, 2009.</i>
Gross Profit (Loss) before taxation and Depreciation	1479513	(370876)
Less:- Depreciation	473387	54904
Profit/Loss (Before Tax)	1006126	(425780)
Less:- provisions for FBT	0	5480
	1006126	(431260)
Less: Provision for the year-		
Current tax-	87243	254842
FBT	5846	10491
Net Profit / Loss	913037	(696593)
Add/ (Less): Balance Brought Forward	(8425034)	(7728441)
Balance Carried to Balance Sheet	(7511997)	(8425034)

- ❖ **DIVIDEND** : Keeping in view the Company's need for Capital for its various growth plans and with the intent to finance such plans through internal accruals to the maximum, your Directors are of the opinion that it is prudent that no dividend be declared for the year under review.

- ❖ **OPERATIONAL REVIEW** : During the current financial year, your Company took various strategic initiatives to improve its volumes and profitability, which helped the Company to post an impressive performance for the year.

The Company in its current Financial Year 2009-2010 has achieved a strong and desirable growth as compared to the previous year 2008-2009. As compared to the losses earned by the Company in its previous financial year, the Company has risen in its parameters which is reflected through the revenue earned amounting to Rs. 3,08,85,648.

- ❖ **FUTURE OUTLOOK** : The Company's performance in the Financial Year 2009-2010 has been encouraging.

Our focused approach on the key market sectors with matured and proven technologies, coupled with significant cost rationalization, has ensured that the Company is on its path of a sustainable growth. Our strategy to expand our engagements and offer business value is helping the Company to move up the value chain, resulting in good growth with improved profitability.

- ❖ **BUSINESS STRATEGY :** Your Directors strategy has been to restructure the Company thoroughly to impart to it the ability to meet the adverse conditions and to work continuously on cost reduction.

The impressive financial results of the Company clearly demonstrate that your Company's strategy has worked and is possible to continue in future also.

- ❖ **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 GOVERNANCE :** Your Company has been proactive in following the principles and practices of good Corporate Governance as an important step towards building Investor Confidence, improve investor's protection and maximize long-term Shareholder value. A separate report on Corporate Governance compliance as stipulated by the Clause 49 of the Listing Agreement forms part of the Annual report.

In compliance with Corporate Governance requirements as per Clause 49 of the Listing Agreement, your Company has formulated and implemented a Code of conduct for all Board Members and Senior Management Personnel of the Company, who has affirmed the compliance thereto.

Auditors' Certificate on Corporate Governance regarding its compliance is produced as a part of Annual Report.

- ❖ **DIRECTORS :** Mr. Jayesh Raichand Thakkar is appointed as Managing Director of the Company w.e.f 23/11/2006 and would perform a lead role in structuring the activities considered to enable the Company to attain new horizons and desired vision of success.

Mr. Chandrakant Gaikwad who possesses vast knowledge and expertise in relation to the engagements of the Company, and who was appointed as the Additional Director on the 3rd Day of March, 2010 is proposed to be regularized in the ensuing Annual General Meeting of the Company.

Mr. Santosh R. Kahar, Resigned from the Directorship of the Company w.e.f 20/03/2010. The Board appreciates the valuable services rendered by him in the capacity of Director of the Company.

The Board places on record its gratitude for the services rendered by all the Directors of the Company for their untiring and enormous efforts to enable the Company to attain the present level of Success.

- ❖ **AUDITORS AND AUDITORS REPORT :** M/s Mahendra P. Shah & Co. Chartered Accountants, Statutory Auditors, retire in the ensuing Annual General Meeting of the Company. Your Directors recommend that M/s. N.R. Parikh & Co. Chartered Accountants be appointed as the Statutory Auditors for the year.

The Company has received a certificate from the proposed Auditor stating that appointment if made, would be within the limit prescribed u/s 224(1B) of the Companies Act, 1956 and that they are not disqualified for appointment within the meaning of Section 226 of the said Act.

Members are requested to appoint the said Auditor and to fix their remuneration.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

- ❖ **SECRETARIAL AUDIT REPORT :** As a measure of Good Corporate Governance practice, the Board of Directors of the Company appointed M/s. D. Pathak & Associates, Practicing Company Secretary to conduct Secretarial Audit of the Company.

The Secretarial Audit Report confirms 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 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.
- ❖ **PARTICULARS OF EMPLOYEES :** Employees are the bedrock of the Company. We appreciate and place on record excellent efforts and contribution made by our employees in taking the Company to new heights.

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. Thus furnishing of particulars under the Companies (Particulars of Employees) Rules 1975 does not arise.

- ❖ **DIRECTOR'S 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, 2010; 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 responsible 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;

The Directors have prepared the Accounts for the Financial Year ended 31st March, 2010 on a going concern basis.

- ❖ **ACKNOWLEDGEMENT :** Your Directors take this opportunity to place on record their appreciation and gratitude for the co-operation, assistance, guidance and support extended by the Company's Bankers, Shareholders, Customers and various Central and State Government Agencies and Local Authorities, Personnel at various levels of the Organization.
- ❖ **RECOMMENDATION :** Directors wish to place on record their sincere appreciation of the valuable services and cooperation extended by the Bankers and also the contribution, unstinted efforts and the spirit of dedication shown by them in the operations of the Company during the year. Your Directors also place on record their appreciation of all the employees, consultants and others for their untiring efforts and collective contribution towards the performance of the Company.

For and on behalf of Board of Directors

Sd/-

(Managing Director)

ANNEXURE TO THE DIRECTORS REPORT

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988 AND FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2010.

A. CONSERVATION OF ENERGY

Your Company has always been conscious of the need to conserve energy and has always attempted various measures for the same wherever possible to achieve reduction in cost of production. The Company has initiated various measures on suggestions of experts in the areas where energy conservation and reduction in fuel & oil usage are possible

FORM-"A"

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

1. ELECTRICITY

			2009-10	2008-09
(a)	Purchased (Unit in Lacs)		5.35	—
	Total Amount (in Lacs)	Rs.	26.70	—
	Rates/Unit	Rs.	5.00	—
2.	CONSUMPTION OF ELECTRICITY PER UNIT OF PRODUCTION			
	M.S. Ignor	Per MT	650 units	—

Production started from 19/02/2010. Thus the above mentioned details are pertaining to the production for the period of 1.5 months (upto year end 31/03/2010).

FORM-"B"

B. RESEARCH AND DEVELOPMENT (R&D)

Specific areas in which R & D carried out by the Company

- Improvement of Product Quality and Process Efficiency.
- Optimizing Production Efficiency.
- Cost Reduction.

1. Benefits derived as a result of the above R & D

- Improvement in the Quality of Manufactured products.
- Pollution free environment in and around factory areas.
- Cost Economy and plant efficiency.
- Conservation of Water, Mineral, Electricity and Fuel
- Development of new market segment.

2. Future plan of action:-

- Further improvement in the Quality of products and processes.
- Process modification or substitution to improve the quality of treated effluent.
- Exploration of avenues for continuous cost reduction measures.
- Technical up-gradation and pollution control facilities.
- Development of value added Yarn.

3. Expenditure on R & D:

- (a) Capital
- (b) Recurring
- (c) Total
- (d) Total R & D expenditure as a percentage of total turnovers.

C. TECHNOLOGY ABSORPTION

1. Efforts have been made towards technology absorption, adaptation and innovation. The products are checked with reference to the quality control on random basis. In house laboratory has been maintained wherein various lots of products are continuously passed through stringent quality control. Efforts have also been initiated to adopt more innovative measures for up gradation of the technology so that better quality product can be produced.
2. Benefits derived as a result of the above efforts:
 - (a) Wastage has been reduced considerably.
 - (b) Pollution control measures have been adopted as per the desirable norms.

1. Particulars of technology in the last five years:

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

D. FOREIGN EXCHANGE EARNINGS AND OUT GO:

		2009-10	2008-09
(a)	Foreign Exchange Earned	NIL	NIL
(b)	Foreign Exchange Used	NIL	NIL
	(CIF value of imports & expenditure in foreign currency)	NIL	NIL

MANAGEMENT DISCUSSION AND ANALYSIS

The Board takes pleasure in presenting your Company's Annual Report along with the Compliance Report on Corporate Governance for the year ended 2009- 10

■ **MARKETS:**

The Year 2008-09 was a very Challenging year for the world economy. World-over the Stock, Money and Financial Markets crashed. Even the Real Estate Sector was not an exception to such a Crash. Every Country, whether Developed or Developing was a victim of negative GDP Growth coupled with economic and social pain.

Among the major emerging markets, China and India continued to grow - but at significantly lower rates. In India, for instance, after three consecutive years of growing at over 9%, GDP growth fell to 6.7% in 2008-09.

The good news for China and India was that the two emerging market giants shrugged off the downturn remarkably quickly. After three quarters of declining growth, both nations stemmed the rot, and got back into their stride. To be sure, GDP growth was muted compared to the past. However, for China to achieve 8.7% in 2009 and India to record 7.2% to 7.5% GDP growth in 2009-10 reflects a great deal about the capabilities of these two nations in steering through the crisis.

■ **DIVERSIFICATION – THE KEY TO SUCCESS:**

Your Company though with a delay on the back of global meltdown has successfully put up the mini steel plant for manufacturing MS (Mild Steel) ingots in association with internationally famous Electrotherm Limited who will supply Electrical furnace and other plant & Machinery as well as render consultancy services. The project was being financed from internal accruals. Commercial production of MS ingots has commenced in FY 2009-10. Your Company now manufactures MS (Mild Steel) ingots and also imports bulk metal scrap.

MS (Mild Steel) ingots are the basic raw material for manufacturing various types of rerolled products. With the increased infrastructural activities in the country, the demand for mild steel ingots is very high now-a-days.

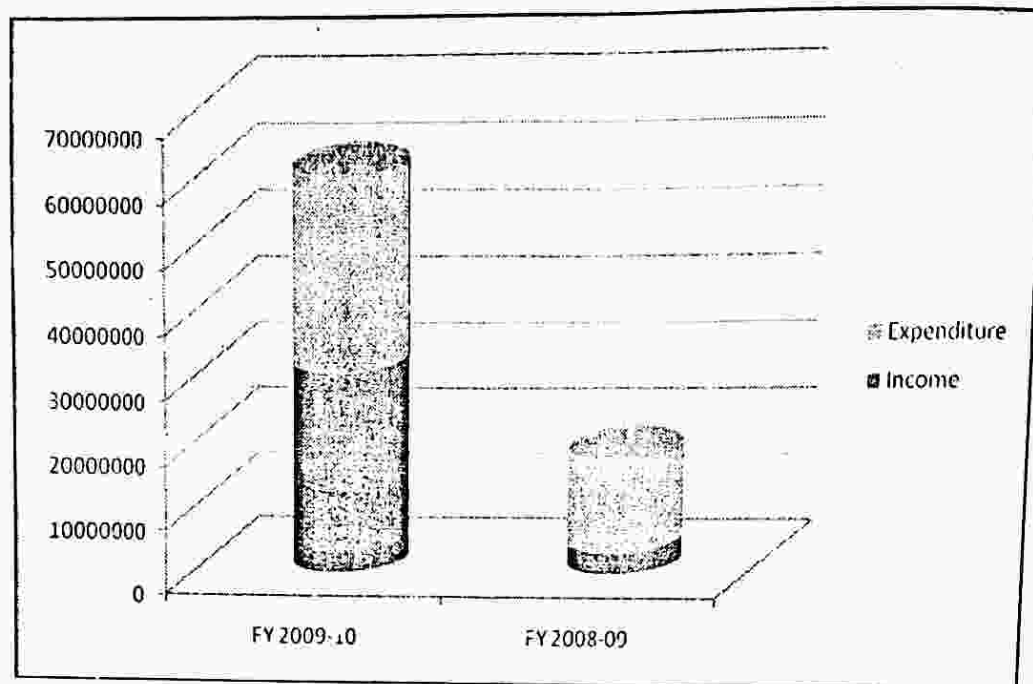
Post the fast recovery from the Global crisis and Stabilization throughout the World Economies the demand for Steel has remarkably blown up. Hefty Buying Interest from the Chinese Markets coupled with large Governmental spending has resulted in phenomenal boom in the Indian Infrastructure Segment which has created huge demand for your Company's products in both Domestic & International markets. Continued with positive momentum & buoyed force, MS ingot prices have also gained decent ground in recent times in both India & abroad which shall further improve your Company's Margins in times to come.

The demand for steel is bound to grow with the boom in Construction, Housing and Infrastructural projects. Moreover, the housing sector is growing very fast resulting in a huge demand for your Company's products.

■ **FINANCIAL PERFORMANCE:**

Your Company has entered into a strong turnaround phase by recording an overall Top line of Rs. 2,23,32,016 in FY 2009-10 coupled with a Positive Bottom line of Rs. 10,06,126.

The expenditure of the year under review rose to Rs. 23879522 as compared to Rs. 14036909 in the last fiscal due to a remarkable diversification undertaken by your Company into the Steel Business. Such Diversification has aided the Company to enjoy an income of Rs. 30885648 as compared to Rs. 13611129 earned by it in the last fiscal.



SECTOR OUTLOOK:

Strong demand from the automobile and realty sectors appears to have put the Indian Steel Industry on the revival path. In December Qtr demand was largely driven by the automobile sector. Also, many of the steel companies passed on the increase in raw material costs to end-consumers on the back of encouraging demand.

During the period spanning from April 2009 to January 2010, steel consumption surged 7.9% to 45.93 Million Tones as compared to the corresponding period in 2008-09, a fiscal whose second half saw more than 50% decline in demand and prices of the commodity.

Production of finished steel rose 3.8% in April-December 2009 while 7.7% increase in real consumption was registered in the same period. Moreover, exports declined 36% whereas imports surged 16.6% in that period.

Increased demand from construction, real estate and automobile sectors were the key reasons leading to the steel industry growth in India. As all these sectors have resumed growth after the financial turmoil, it is quite likely that they will stimulate the growth in steel industry also.

Most importantly, government is lending its full support to the steel sector. This is clear from the recently presented 2010 budget, in which the government has decided to increase the outlay on urban development and housing to Rs 5,400 Crore (up 75%). An additional 25% of plan outlay for rural infrastructure has also been announced. This is being seen as a stimulus for domestic steel companies. Infrastructure growth will certainly lead to the growth of the steel sector.

It is noteworthy that per capita steel consumption in India is still around 40 Kg as compared to 100 Kg in Brazil, 250 Kg in China and a world average of 198 Kg. Thus, the country has huge scope for increasing its steel consumption.

Realizing the growth potential of the Indian steel market, the market is attracting foreign players, who are expected to tie with domestic firms to gain a foothold in the second fastest growing economy in Asia. Also as the recent budget includes additional plans for rural infrastructure, industry players should concentrate on these areas to garner higher profits.

FUTURE OUTLOOK:

With the recent Business developments the Company's major line of Business has been shifted to Steel Manufacturing from Software & Consulting. Though Software & Consulting still remains an important Business Segment the Integral Business Segment of the Company is Steel Production.

The Company is continuing to strengthen its presence with a clear focused approach which would help increase revenue growth, improve profitability as well as de-risk the Company from economic slowdowns.

Your Directors are further exploring avenues of expansion and putting up automatic rolling mill plant for the production of downstream steel products.

INTERNAL CONTROL SYSTEM:

The Company has adequate and effective system of Internal Controls designed to provide high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards of assets, the reliability of financial controls and compliance with the applicable laws and regulations.

The Company has also implemented suitable controls to ensure that all resources are utilized optimally and financial transactions are reported with accuracy.

The Internal Control Systems are further supplemented by Audit Programs conducted by Management Auditors who periodically present their observations to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Internal Control Systems and suggests improvements.

KNOWLEDGE MANAGEMENT:

Knowledge Management continues to be an area of importance for M/s. PRABHAV INDUSTRIES LIMITED. Having realized the potential for leveraging learning from various businesses that the Company now pursues, the focus is to enable the employees across the domains and businesses to share knowledge on products, processes, people, policies, partners, projects, performance, assets, customers, technology and strategies.

HUMAN RESOURCES:

Hiring the talent, motivating and retaining them and ensuring their development is a foremost challenge in today's business environment. Your Company emphasis on building an expert talent pool. We groom existing talent as well as fresh entrants in a variety of areas to enable them to take on positions with greater responsibilities. Your Company is also committed to groom its human assets by conducting periodic On and Off-Job training programs are organized through internal and external resources.

Further, the Company has stable and experienced middle and senior level management team, many of whom have been with the Company since incorporation.

■ **TRAINING AND DEVELOPMENT:**

Our training, continuing education and career development programs are designed to ensure that our professionals enhance their businesses skills.

■ **PERCEIVED BUSINESS RISKS:**

The Company's business activities are such that it exposes the Company to a variety of risks, in particular Market risk, Credit risk, Operational risk, Liquidity risk and Interest rate risk. Identification and management of these risks are essential to its success and financial soundness. The Company is implementing an Enterprise Risk Management (ERM) framework that adopts an integrated approach to managing all types of risks.

■ **OPPORTUNITIES AND THREATS:**

The Company's business has its own opportunities which are addressed and the threats faced by the Company include competitive risks and technology obsolescence risks.

■ **CAUTIONARY STATEMENT:**

Statements in this Management Discussion and Analysis Report describing the Company's Objectives, Projections, Estimates and Expectations may be forward looking statements within the meaning of applicable Laws and Regulations. Actual results might differ materially from those either expressed or implied.

The Company undertakes no obligations to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements.

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the culture of managing a corporate entity, whereby compliance with law, procedures, systems, code of ethics and best practices are ensured thus adding value to Shareholders and contributing to the well-being and prosperity of the Stakeholders.

The principal stakeholder of an organization includes the shareholders, management, and the Board of Directors. Other stakeholders include employees, customers, creditors, suppliers, regulators, and the community at large.

It is an internal system encompassing policies, processes and people, which serve the needs of shareholders and other stakeholders, by directing and controlling management activities with good business savvy, objectivity, accountability and integrity. It also aims at promoting corporate fairness, transparency and accountability.

In accordance with the provisions of Clause 49 of the Listing Agreement, the report containing the details of Governance systems and processes at **PRABHAV INDUSTRIES LIMITED** is as under:

1. CORPORATE GOVERNANCE IN PRABHAV INDUSTRIES LIMITED

The Corporate Governance policy in the Company encompasses the simple tenets of integrity, transparency and fairness in whatever the Company does and what it basically aims at achieving is a complete adherence to the applicable statutes while at the same time ensuring a complete commitment to values and the highest ethical standards in every facet of its operations and in each of the functional areas. This in turn ensures that best in class concept of Corporate Governance practices becomes a way of life in the Company.

In line with the Company's vision and long term business objectives, all Corporate decisions are independently taken by the Company's highly respected and rich and experienced Board in conjunction with a competent management team, keeping in view the best interest of all its stakeholders.

The Company strives to improve the corporate governance practices to meet stakeholder's expectations and strictly complies with regulatory guidelines on Corporate Governance.

2. BOARD OF DIRECTORS

Composition

The Board of Directors of the Company consists of professionals drawn from the diverse fields. The need for having an optimum combination of Executive and non-Executive Directors is well recognized and also the criteria of having atleast 50% of the directors on the Board as Independent Directors has been taken care of. This has been done to preserve the independence of the Board and to separate the Board functions of governance and management.

The Board comprises of Six Members out of which three are Executive Directors and three are Non-Executive Independent Directors.

- (a) The composition and category of the Board of Directors as on 31st March, 2010 and the number of other directorships/ committee memberships held by them are as under:-

Sr. No	Name of Director	Category	Number of other Directorships	Number of memberships on other Board Committees	
				As Chairman	As Member
1	Jayesh Thakkar	Managing Director/ Executive Director	3	NIL	NIL
2	Yatin Thakkar	Non Executive/ Independent Director	NIL	NIL	NIL
3	Bhavesh Desai	Whole Time Director	NIL	NIL	NIL
4	Chirag Gada	Non Executive Independent Director	NIL	NIL	NIL
5	Vinod Shinde	Non-Executive/ Independent Director	NIL	NIL	NIL
6	Chandrakant Gaikwad (Appointed on 03.03.2010)	Executive Director (Additional Director)	NIL	NIL	NIL
7	Manoj Naik (Resigned on 30.09.2009)	Non Executive/ Independent Director	NIL	NIL	NIL
8	Santosh Kahar (Resigned on 20.03.2010)	Non Executive/ Independent Director	NIL	NIL	NIL

* Excludes Alternate Directorships and Directorships in Private Companies, (which are not subsidiary or holding Company of a public Company), Foreign Companies and Section 25 Companies.

** Includes memberships only in Audit Committee and Shareholders/ Investors Grievance Committee.

None of the Directors on the Board is a member on more than ten committees and Chairman of more than five committees (as specified in Clause 49(I) (C) of the Listing Agreement), across all companies in which he is a Director.

The Independent Directors have confirmed that they satisfy the "criteria of independence" as stipulated in the amended Clause 49(I) (A) of the Listing Agreement.

● Board Meetings And Attendance Of The Directors At Board Meetings & Annual General Meeting

The Board of Directors met **fifteen times** during the financial year 2009 - 2010 i.e. 7th September 2009, 8th September, 2009, 28th September 2009, 30th September, 2009, 6th October 2009, 23rd October, 2009, 6th November, 2009, 16th December 2009, 31st December 2009, 12th January 2010, 6th February, 2010, 11th February 2010, 21st February 2010, 3rd March 2010, 20th March,

2010, 27th March 2010. The maximum gap between any two meetings was less than four months as stipulated under Clause 49(I) (c) of the Listing Agreement.

The attendance of each Director at these meetings and at the Last Annual General Meeting was as follows:-

Sr. No	Name	No. of Board Meetings attended	Attendance at Last AGM
1	Jayesh Thakkar	15	Yes
2	Yatin Thakkar	14	Yes
3	Bhaves Desai	15	Yes
4	Chirag Gada	13	Yes
5	Vinod Shinde	10	—
6	Chandrakant Gaikwad(Appointed on 03.03.2010)	2	—
7	Manoj Naik (Resigned on 30.09.2009)	3	Yes
8	Santosh Kahar(Resigned on 20.03.2010)	12	Yes

● **Changes in the composition of the board during the year 2009 – 2010:**

Appointment of Mr. Chandrakant Gaikwad on 03/03/10 as an Additional Director

Resignation of Mr. Santosh Kahar w.e.f. 20/03/10 from the Office of Directors of the Company.

3. **COMMITTEES OF THE BOARD**

The Board has constituted 2 Committees of the Directors' namely

Audit Committee

Shareholders / Investors Grievance Committee

Remuneration Committee

Each of the Committees function within the defined terms of reference and the minutes of the Committee meetings are prepared and signed at proper and regular intervals. The details of the meetings are as follows.

● **AUDIT COMMITTEE**

❖ **Overall Purpose/ Objective**

The purpose of the Audit Committee (the "committee") is to assist the Board of Directors (the "Board") in reviewing the financial information which will be provided to the shareholders and

others, reviewing the systems of internal controls which management and the Board have established, appointing, retaining and reviewing the performance of independent accountants/ internal auditors and overseeing the Company's accounting and financial reporting processes and the audits of the Company's financial statements.

❖ Terms Of Reference

The terms of audit committee broadly are as under:

- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing, with the management, performance of statutory and internal auditor's adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

❖ Composition & Meetings

The Committee at present comprises of three directors, including the Chairman of the Committee who is an Independent and Executive director. All the members have good financial knowledge. The Committee was constituted under the Chairmanship of Mr. Yatin Thakkar

Name of the Member	Chairman / Member	Attendance
Mr. Yatin Thakkar	Chairman	Yes
Mr. Bhavesh Desai	Member	Yes
Mr. Chirag Gada	Member	Yes

The Committee met 4 times during the year ended 31st March 2010 and the time gap between the two meetings did not exceed four months.

Audit Committee meetings are attended by the head of internal audit, Head of Finance and Senior Management Members. The statutory auditors are also invited to attend the meetings.

● SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Board has constituted the Shareholders and Investors Grievance Committee. Its role and responsibility is to expeditiously process and approve the transactions in Securities, complying with SEBI regulations and listing requirements and redressal of investor grievances. The Committee oversees and monitors the performance of the Registrar & Transfer Agents and

devices measures for overall improvement in the quality of investor services. The Committee also looks into the complaints received from the stock exchanges.

The Committee consists of 3 Directors. The Composition of the Committee is as under:

Name of the Member	Chairman / Member	Attendance
Mr. Bhavesh Desai	Chairman	Yes
Mr. Yatin Thakkar	Member	Yes
Mr. Chirag Gada	Member	Yes

Committee met 4 times during the year.

● **REMUNERATION COMMITTEE**

❖ **Terms of Reference**

The Committees advise the Board in respect of the policies that should be pursued in respect of remuneration, terms of employment and any changes, including service contracts of executive and non-executive directors, the manager and other personnel. While deciding on the remuneration of the executive directors, the Company takes into account the general market trend pertaining to the industry viz., the rules of the Company, the years of experience and contribution made by the respective directors.

The Committee met once during the year and decided the remuneration of all Executive Directors. Such a recommendation in respect of the remuneration was made to the Board of Directors by the Committee after taking into account various parameters as mentioned above.

4. **GENERAL BODY MEETINGS:**

The location and time where the last three Annual General Meetings were held are given below:

For the year	Venue	Day & Date	Time
2008-09	Chinoi Building, Station Road, Vadodara-390 002	30 th September 2009	11.00 a.m.
2007-08	Chinoi Building, Station Road, Vadodara-390 002	29 th September 2008	11.00 a.m.
2006-07	Chinoi Building, Station Road, Vadodara-390 002	29 th September 2007	11.00 a.m.

5. **POSTAL BALLOT**

During the financial year, there was no resolution passed through postal ballot by the Company.

6. **RISK MANAGEMENT**

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures. The Board periodically discusses the significant business risks identified by the management and the mitigation process being taken up by them.

7. PREVENTION OF INSIDER TRADING

Code Of Conduct

The Company has framed a Code of Conduct for prevention of insider trading based on SEBI (Insider Trading) Regulations, 1992. This Code is applicable to all Directors/officers/ designated employees. The Code ensures the prevention of dealing in Company's shares by persons having access to unpublished price sensitive information.

Annual Declaration to this effect is given in the Annual Report in affirmation of the Compliance of the Code for the year 2009-10.

8. DISCLOSURES

There were no materially significant related party transactions, with Directors/ promoters/ management which had potential conflict with the interests of the Company at large.

Periodical disclosures from Senior Management relating to all material, financial and commercial transactions, where they had or were deemed to have had personal interests, that might had a potential conflict with the interest of the Company at large, were placed before the Board.

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

9. COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The Company has complied with the mandatory requirements of the Code of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange. The Company has submitted the compliance reports in the prescribed format to the stock exchanges for the quarters ended 30th June 2009, 30th September 2009, 31st December 2009 and 31st March 2010 as stipulated in clause 49 of the listing agreements with the stock exchanges.

10. MEANS OF COMMUNICATION

The Board recognizes the importance of two-way communication with the Shareholders and of giving a balanced report of results and progress and responds to the queries and issues raised in a timely and consistent manner.

The Quarterly Unaudited Financial Results and the Annual Audited Financial Results are normally published in the daily newspapers viz., The Economic Times (English) and The Economic Times (Gujarati).

Shareholders seeking information may contact the Company directly throughout the year. They also have the opportunity to ask questions in the Annual General Meeting of the Company. The Company ensures that the queries, complaints and suggestions from various Stakeholders of the Company are responded in a timely and consistent manner.

11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A 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, forms part of the Annual Report.

12. GENERAL SHAREHOLDERS INFORMATION

A separate section has been annexed to the annual report furnishing various details viz., AGM venue, distribution of shareholding, means of communication etc.

13. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT.

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement and every effort has been made to comply with the non-mandatory requirements of the Clause, the details of which are mentioned hereunder:

Training Of the board Members

New Directors appointed by the Board are given formal induction and orientation with respect to the Company's vision, strategic direction and core values including ethics, corporate governance practices, financial matters and business operations. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

Meetings of Independent Directors

The Independent Directors of the Company meet from time to time as they deem appropriate without the presence of the Executive Directors or Management Personnel. These meetings are conducted in an informal and flexible manner to enable the Independent Directors to discuss the matters pertaining to the affairs of the Company and put forth their views to the Lead Independent Director. The Lead Independent Director takes appropriate steps to present such views to the Managing Director.

Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a Whistle Blower Policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to their immediate superior or such other person as may be notified by the management to the work groups. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

On Behalf of the Board

Place : Vadodara
Date : 27th August, 2010

Sd/-
Director

Sd/-
Director

CORPORATE GOVERNANCE CERTIFICATE

To

The Members,
PRABHAV INDUSTRIES LIMITED,
Chinoi Building, Station Road,
Vadodara, Gujrat-390 002.

We have examined the compliance of the conditions of Corporate Governance by PRABHAV INDUSTRIES LIMITED for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination is limited to a review of the procedures and implementation thereof, adopted by the Company for the ensuring the compliance of the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with some of the conditions but yet to complied with some of the conditions of Corporate Governance, which are reported in the Auditors' Report, as stipulated in the Clause 49 of the above mentioned Listing agreement.

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

For Mahendra P. Shah & Co.,
Chartered Accountants,

CA. Mahendra P. Shah
Proprietor

MANAGING DIRECTOR CERTIFICATION

To,
The Members,
PRABHAV INDUSTRIES LIMITED.

I, Mr. Jayesh Thakkar, Managing Director of the Company hereby certify that;

- a. I have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2010 and 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 Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b. To the best of my knowledge and belief, there were no transactions entered into by the Company during the ended 31st March, 2010 which are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept the responsibility for establishing and maintaining the internal controls for financial reporting of the Company. I hereby certify that I have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and any deficiencies in the design or operations of such internal controls of which I am aware have been disclosed to the Auditors and the Audit Committee and necessary steps have been taken to rectify these deficiencies;
- d.
 - (i) There has not been any significant changes in internal controls over financial reporting during the year under reference;
 - (ii) There has not been any significant change in Accounting Policies during the year; and
 - (iii) I am not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in Company's internal control system over financial reporting.

Place: Vadodara

Date : 27th August, 2010

**Sd/-
(Jayesh Thakkar)
Managing Director**

DECLARATION OF CODE OF CONDUCT

To,
The Members,
PRABHAV INDUSTRIES LIMITED.

This is to confirm that the Board has laid down a code of conduct for all Board Members and senior management of the Company.

It is further confirmed that all the directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the Company as at 31st March 2010, as envisaged in Clause 49(I) (D) (ii), of the Listing Agreement.

Place: Vadodara

Date : 27th August, 2010

**Sd/-
(Jayesh Thakkar)
Managing Director**

AUDITORS' REPORT

To
The Members,
PRABHAV INDUSTRIES LIMITED

We have audited the attached Balance-sheet of PRABHAV INDUSTRIES LIMITED as at 31st March 2010 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. 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.

We conduct our audit in accordance with auditing standards generally accepted in India. Those Standard require that we plan 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.

1. As required by the Companies (Auditors' Report) Order, 2003 and as amended, issued by the Central Government of India in terms section 227-(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Reference is invited :-
 - a) That since the beginning of the Company has not complied with the provisions of Section 383 A of The Companies Act, 1956 relating to appointment of a whole time secretary.
 - b) As explain to us, the Board of Directors has approved to increase the limit for Borrowing and Lending to Rs.200 Crores and the same would be proposed for the shareholders approval through postal ballot. However, as on 31st March, 2010, the aggregate inter-corporate loans amounted to Rs.15,42,60,972 and investment in unquoted shares amounted to Rs.130,73,75,220/-, which are in excess of the limit specified under Section 372A of the Companies Act, 1956.
 - c) As explain to us by the board, no loans and advances have been made to Directors during the Financial Year 2009-10 under review. However, Rs.2,69,63,772/- is appearing as loans to director, firms and relatives for the previous year.
3. Further to our comments in the Annexure referred to in the above paragraph, 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 purpose of our audit.
 - b. In our opinion, proper books of accounts for the year under audit, as required by law have been kept by the company so far as appears from our examination of such books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account of the Company.

- d. On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.
- e. In our opinion, the Balance-sheet dealt with by this report comply with the Accounting Standards as referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956, except ;
- (i) Provision has not been made for diminution in value of the investment referred to in note 4 & 5 of Schedule 15 to the notes on accounts. This is not in accordance with the requirements of Accounting Standard – 13.
- f. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with Significant Accounting Policies and 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 at 31st March, 2010 ;
- ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date;
- iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For MAHENDRA P. SHAH & CO
CHARTERED ACCOUNTANTS

Place: VADODRA
Date : 31st JULY, 2010.

(M.P.SHAH)
PROPERITOR
M.NO. 45149
FRN: 114068W

ANNEXURE TO THE AUDITOR'S REPORT TO THE MEMBER OF M/S. PRABHAV INDUSTRIES LIMITED, VADODARA ON THE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010.

(REFERRED TO IN PARAGRAPH 1 OF THE OUR REPORT OF EVEN DATE)

- 1-a) As informed to us the work of compiling fixed assets register showing full particulars including quantitative details and situation of Fixed Assets is in progress.
- b) As explained to us major portion of fixed assets has been physically verified during the year by the management in accordance with a programme of verification, which, in our opinion provides for physical verification of all the fixed assets at reasonable interval having regards to size of the Company and nature of its business. According to the information and explanation given to us the discrepancies noticed on such verification were not material and have been properly dealt with the books of accounts.
- c) No disposal of a substantial part of fixed assets of the Company has taken place during the year.
- 2-a) As explained to us, the inventory were physically verified by the management at reasonable intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate 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 its inventories. The discrepancies noticed on physical verification between physical stock and book records were not material.
- 3-a) The Company has granted unsecured interest free loan to six companies, three firms and one other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The year-end balance of loans granted to these was Rs.269.64 lacs.
- b) In our opinion, the rate of interest, where applicable and other terms and conditions on which loan have been granted to the companies, firms and other parties listed in the register maintained u/s 301 of the Companies Act, 1956 are not prima-facie, prejudicial to the interest of the Company except interest free loan given to the companies, firms and other parties as stated above.
- c) The Companies to whom advance in the nature of loan is granted there is no stipulation for repayment thereof. As per the information and explanations given to us the said loan is repayable on demand.
- d) The Company has taken unsecured loan from 1 director, 1 Company and 35 other parties, which requires to be covered in the register u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.347.40 lacs and the year-end balance from the loan taken from such directors, companies and other parties was Rs.350.88 lacs.
- e) In our opinion, in respect of the above loan given, there are no covenants with regards to the interest / repayment or any other terms and conditions.
- f) There is no payment of principal or interest during the year in respect of the above loans.

- g) In absence of any covenants as to repayment in respect of above loan, we are unable to comment on overdue status. It seems that management has taken no steps for the recovery / payment of the principal and interest.
- 4) In our opinion and according to the information and explanations given to us, there are no adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to purchase of inventories and fixed assets and with regards to the sale of goods.
- 5-a) To the best of our knowledge and belief, and according to information and explanation given to us, the details of transaction that needed to be entered in to the register in pursuance of Section 301 of the Company Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contract or arrangement entered in the register maintained u/s 301 of the Companies Act 1956 and exceeding value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regards to prevailing market price at the relevant time where such market prices are available.
- 6) As per records, the company has not accepted any new deposits during the year from public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975, framed there under.
- 7) The Company does not have an Internal Audit System.
- 8) The Central Government has not prescribed the maintenance of Cost records Under Section 209 (1) (d) of the Companies Act 1956 for any of the product of the Company.
- 9-a) According to the records of the Company examined by us, tax deducted at source and Income Tax were still unpaid as at last day of the financial year concern for a period more than six months from the date become payable.

Tax Deducted at Source	Rs.68,896/-
Income Tax - A.Y.1997-98	Rs. 4,508/-
Income Tax - A.Y.1999-2000	Rs.76,100/-

Except the above, in our opinion, 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 March 2010 for a period of more than Six Months from the day they become payable.

- b) According to the Information and explanation given to us there are no dues of Income Tax, Custom Duty, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
- 10) The Company has accumulated losses at the end of the financial year ended on 31st March, 2010 of Rs.79,60,928/- which does not exceed 50% of its net worth and it has not incurred cash losses in the current financial year and not incurred cash loss in the immediately preceding financial year.

- 11) According to the records of the company examined by us and the information and explanations given to us, the Company has not obtained any loan from a Financial Institution or Bank or Debenture Holder and therefore, reporting on whether company has defaulted in repayment of dues is not applicable.
- 12) The Company has not granted loan and advance on the basis of security by way of pledge of shares, debentures or other securities.
- 13) The Provision of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund Society is not applicable to the Company.
- 14) The Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments and that timely entry have been made therein. All shares, securities, debentures and other investments have not been held by the Company in its own name.
- 15) In our opinion and according to information and explanation given to us the company has not given guarantee for loan taken by other from Bank / financial institutions.
- 16) During the year, the company has not availed term loans from banks or financial institutions and from others except from the director and company.
- 17) On the basis of an overall examination of the balance sheet of the company, in our opinion and according to information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- 18) During the year, the company has made preferential allotment of shares to the parties and the companies required to be covered in the register U/s.301 of the Companies Act, 1956.
- 19) The Company has not issued any debenture during the year.
- 20) During the year, the Company has not raised money by Public Issue.
- 21) During the course of our examination of the books of the company and as per information and explanations given, we have neither come across and any instance of frauds on or by the company, notices or reported during the year, nor have we have been informed of such case by management.

FOR MAHENDRA .P. SHAH & CO.
CHARTERED ACCOUNTANT

Place : Vadodara

Date : 31st JULY, 2010.

(M.P. SHAH)
PROPRIETOR
M. NO. 45149
FRN : 114068W

PRABHAV INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	SCHEDULE NO.	AT 31-03-2010 Rs.		AS AT 31-03-2009 Rs.	
<u>SOURCES OF FUNDS</u>					
1 <u>SHAREHOLDERS FUNDS</u>					
Equity Share Capital	1	460891000		59891000	
Application Money Received		493750		0	
Reserves and Surplus	2	1025857000	1487241750	23357000	83248000
2 <u>LOANS AND ADVANCES</u>					
Unsecured Loans	3	35220697	35220697	11940056	11940056
TOTAL Rs.			1522462447		95188056
<u>II APPLICATION OF FUNDS</u>					
1 <u>FIXED ASSETS</u>	4				
Gross Block		39483158		2098760	
Depreciation		2005093		1531706	
Net Block		37478065		567054	
Work-in-Progress		0	37478065	17997779	18564833
2 <u>INVESTMENTS</u>	5		1307375220	0	
3 <u>CURRENT ASSETS, LOANS AND ADVANCES</u>	6				
Inventories		6481230		2230	
Sundry Debtors		1615202		697850	
Cash and Bank Balances		9305748		193914	
Loans and Advances		171186322		74407591	
		188588502		75301585	
Less: CURRENT LIABILITIES AND PROVISIONS	7				
Current Liabilities		16962126		6808776	
Other Liabilities & Provisions		1529212		1204293	
		18491338		8013069	
Net Current Assets			170097164		67288516
4 <u>MISCELLANEOUS EXPENSES</u> (to the extent not written off)	8		0		909673
5 <u>PROFIT AND LOSS ACCOUNT</u>			7511997		8425034
TOTAL Rs.			1522462447		95188056

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS
AS PER OUR AUDIT REPORT OF EVEN DATE
MAHENDRA P. SHAH & CO.
CHARTERED ACCOUNTANTS;

13

FOR AND ON BEHALF OF THE BOARD
PRABHAV INDUSTRIES LIMITED

(M.P.SHAH)
PROPRIETOR
M. NO. 45149
FRN : 114068W
PLACE : VADCDARA

Sd/-
DIRECTOR

Sd/-
DIRECTOR

PRABHAV INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010

PARTICULARS	SCHEDULE No.	YEAR ENDED 31-03-2010		YEAR ENDED 31-03-2009	
I INCOME					
Contract Work			0		517780
Sales			22332016		0
Sales of Equity Shares			0		13015497
Profit on Sale of Fixed Assets			0		74596
Other Income	9		2074632		1026
Increase in Closing Stock	10		6479000		2230
			<u>30885648</u>		<u>13611129</u>
II EXPENDITURE					
Purchase of Equity Shares			0		13211340
Purchase of Raw Materials			22394147		
Manufacturing Expenses	11		3237541		0
Personnel Expenses	12		375858		0
Site Cost & Other Expenses			0		74250
Administrative & Office Expenses	13		1464882		142789
Finance and Bank Charges	14		46438		36739
Depreciation			473387		54904
Preliminary, Pre-operative & Share Issued Expenses Written Off			1887269		516887
			<u>29879522</u>		<u>14036909</u>
Profit / (Loss) Before Taxation			1006126		(425780)
Provision for Taxation					
- Current Tax		0		0	
- MAT		0		0	
- Deferred Tax		0		0	
- Fringe Benefit Tax		0	0	5480	5480
Short Provision during the year 2008-09					
- Current Tax		87243		254842	
- Fringe Benefit Tax		5846	93089	10491	265333
Profit after Taxation			913037		(696593)
Add : Balance Brought Forward			(8425034)		(7728441)
BALANCE AVAILABLE FOR APPROPRIATION			(7511997)		(8425034)
APPROPRIATION :					
Balance carried to the Balance Sheet			(7511997)		(8425034)
			<u>(7511997)</u>		<u>(8425034)</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS	15				

SIGNIFICANT ACCOUNTING POLICIES &
NOTES ON ACCOUNTS
AS PER OUR AUDIT REPORT OF EVEN DATE
MAHENDRA P. SHAH & CO.
CHARTERED ACCOUNTANTS,

FOR AND ON BEHALF OF THE BOARD
PRABHAV INDUSTRIES LIMITED

(M.P.SHAH)
PROPRIETOR
M. NO. 45149
FRN : 114068W
PLACE : VADODARA
DATE : 31ST JULY, 2010

Sd/-
DIRECTOR

Sd/-
DIRECTOR

PRABHAV INDUSTRIES LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010**

PARTICULARS	2008-09	2007-08
A CASH FLOW OPERATING ACTIVITIES :		
Net Profit / (Loss) before extraordinary items	1006126	(425780)
Adjustment for -		
Depreciation	473387	54904
Preliminary Expenses Written Off	1887269	516887
Operating Profit / (Loss) before working capital	3366781	146011
Adjustment for -		
Trade & Other Payable	10478269	3736605
Trade & Other Receivables	(97696082)	2719337
Inventory	(6479000)	(2230)
Cash Generated / (Used) from Operating Activities	(90330032)	6599723
Extra Ordinary Items		
Pre-operative Expenditure	(977596)	(909673)
Payment of Taxes	(93089)	(265333)
Net Cash Generated/ (Used) From Operating Activities	(91400717)	5424717
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(19386619)	(17997779)
Purchase of Investments	(1307375220)	0
Sale of Fixed Assets	0	610204
Net Cash Flow / (Used) in Investing Activities	(1326761839)	(17387575)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Equity Share Capital	1403993750	0
Proceeds from Long Term Borrowing	23280641	10592973
Rapayment of Long Term Borrowing	0	0
Proceeds from Short Term Borrowing	0	0
Rapayment of Short Term Borrowing	0	0
Net Cash Generated from Financing Activities	1427274391	10592973
Net Increase (+) / Decrease (-) in Cash and Cash Equivalents	9111835	(1369885)
Cash and Cash Equivalent (Opening Balance)	193914	1563790
Cash and Cash Equivalent (Closing Balance)	9305749	193914

AS PER OUR AUDIT REPORT OF EVEN DATE
MAHENDRA P. SHAH & CO.
CHARTERED ACCOUNTANTS,

FOR AND ON BEHALF OF THE BOARD
PRABHAV INDUSTRIES LIMITED

(M.P.SHAH)
PROPRIETOR
M. NO. 45149
FRN : 114068W
PLACE : VADODARA
DATE : 31ST JULY, 2010

Sd/-
DIRECTOR

Sd/-
DIRECTOR

PRABHAV INDUSTRIES LIMITED

SCHEDULE "1" TO "8" AND "15" FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	AS AT 31-03-2010 Rs.	AS AT 31-03-2009 Rs.
SCHEDULE : 1		
<u>SHARE CAPITAL :</u>		
Authorised Capital :		
5,50,00,000 Equity Shares of Rs.10/- each (Previous year 1,15,00,000 Equity shares of Rs. 10/- each)	550,000,000	115,000,000
Issued Capital :		
5,08,60,000 Equity shares of Rs. 10/- each fully paid up (Previous year 1,07,60,000 Equity Shares of Rs.10/- each)	508,600,000	107,600,000
Paid up Capital :		
5,07,60,500 Equity Shares of Rs.10/- each fully paid in cash at par	507,605,000	106,605,000
Less : Share forfeited	46,714,000	46,714,000
	460891000	59891000
Out of the above shares :-		
1. 4,01,00,000 Equity Shares of Rs.10/- each fully paid up allotted to the holders of Equity Shares warrants at predetermined conversion rate of Rs.35/- each during the year 2009-10		
SCHEDULE : 2		
<u>RESERVE AND SURPLUS :</u>		
A. Securities Premium Account		
On issue of Preferential Issue of Equity Shares	1002500000	0
B. Share Forfeiture Reserve :		
As per last year Balance Sheet	23,357,000	23,357,000
	1025857000	23357000
SCHEDULE : 3		
<u>UNSECURED LOANS :</u>		
From Directors	12257655	11224556
From Companies	4394000	0
From Others	18569042	715500
	35220697	11940056

PRABHAV INDUSTRIES LIMITED
SCHEDULE "1" TO "8" AND "15" FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010

SCHEDULE : 4
FIXED ASSETS

FIXED ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT 01/04/2009	ADDITION/ (DEDUCTION DURING THE YEAR)	TOTAL AS AT 31/03/2010	AS AT 01/04/2009	ADDITION/ (DEDUCTION DURING THE YEAR)	TOTAL AS AT 31/03/2010	AS AT 31/03/2010	AS AT 31/03/2009
BUILDING AND SHED	0	4,642,166	4,642,166	0	38,685	38,685	4,603,481	0
PLANT AND MACHINERY	0	18,651,125	18,651,125	0	216,198	216,198	18,434,927	0
CASTING Moulds	0	2,619,019	2,619,019	0	30,359	30,359	2,588,660	0
CRANE	0	1,601,250	1,601,250	0	18,561	18,561	1,582,689	0
ELECTRICAL INSTALLA	0	9,487,475	9,487,475	0	109,976	109,976	9,377,499	0
TRANSFORMER	0	284,130	284,130	0	3,294	3,294	280,836	0
AIR COMPRESSOR	0	50,925	50,925	0	590	590	50,335	0
LABORATORY EQUIPMENT	12,388	0	12,888	2,888	1,444	4,332	8,556	10,000
COMPUTERS & PRINTERS	533,555	7,050	540,605	520,728	235	520,963	19,642	12,827
SOFTWARE ERP4ALL	945,000	0	945,000	452,612	44,888	497,502	447,498	402,386
OFFICE EQUIPMENTS	12,500	10,460	22,960	7,549	715	8,264	14,696	4,951
FURNITURE & FIXTURES	99,656	30,798	130,454	59,926	6,773	66,699	63,755	39,730
MOTOR CAR	198,500	0	198,500	198,500	0	198,500	0	0
LIARUTI ZEN GJ 6A 1999	286,161	0	286,161	286,161	0	286,161	0	0
AUTO LEVEL METER	10,500	0	10,500	3,340	1,670	5,010	5,490	7,160
TOTAL	2,098,760	37,384,398	39,483,158	1,531,706	473,387	2,005,093	37,478,065	567,054
PREVIOUS YEAR	2,809,844	(711,084)	2,098,760	1,577,682	(100,880)	1,531,706	567,054	1,232,162

PRABHAV INDUSTRIES LIMITED

SCHEDULE "1" TO "8" AND "15" FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS		AS AT 31-03-2010 Rs.		AS AT 31-03-2009 Rs.
SCHEDULE : 5				
INVESTMENTS :				
Long Term Investment				
Equity Shares Fully Paid Up - Unquoted				
Akshar Entertainment Pvt. Ltd.	300000	10	80000000	0
Bansal Diamonds Pvt. Ltd.	490000	10	24500000	0
BBS Impex Pvt. Ltd.	10000	10	1000000	0
Blue Peacock Securities Pvt. Ltd.	50000	10	10000000	0
Blue Sky Enterprises Pvt. Ltd.	150000	10	30000000	0
Brand Impressions Pvt. Ltd.	20000	10	10000000	0
Candor Infratech Pvt. Ltd.	1900000	10	19000000	0
City Gold Education Research Ltd.	41700	100	50040000	0
Cobolt Infra Project Pvt. Ltd.	1000000	10	10000000	0
Coral Granito Pvt. Ltd.	100000	10	5000000	0
Credential Equities Pvt. Ltd.	75000	10	7500000	0
Devu iools Pvt. Ltd.	36000	10	9000000	0
Fern Infrastructure Pvt. Ltd.	33400	100	40080000	0
Geetanjali Spac Pvt. Ltd.	10000	10	2500000	0
GL Constructions Pvt. Ltd.	30000	10	9300000	0
Jagati Publications Ltd.	27777	10	9999720	0
Jhankar Banquets Pvt. Ltd.	37500	10	30000000	0
KTC Constructions Pvt. Ltd.	7000	10	3500000	0
Leen Construction Pvt. Ltd.	25000	10	2500000	0
Magellan Enterprises Pvt. Ltd.	350000	10	35000000	0
Malhotra Rubbers Ltd.	17500	10	5250000	0
Mangala Laxmi Industries Pvt. Ltd.	80000	10	20000000	0
Marygold Enterprises Pvt. Ltd.	100000	10	10000000	0
More & Kande Hotels & Investment	32500	100	6500000	0
Navyug Fin- Sec. Pvt. Ltd.	7500	100	7500000	0
Neminath Trade Pvt. Ltd.	475000	10	47500000	0
Ostwal Plant Pvt. Ltd.	2500	100	5000000	0
Prakesh Stainless Steels Pvt. Ltd.	75000	10	7500000	0
Praveen Jewellers Pvt. Ltd.	12250	10	2450000	0
Punarvasu Enterprises Pvt. Ltd.	75000	10	7500000	0
Scanner Systems & Technologies Pvt. Ltd.	50000	10	5000000	0
Shakti Tex Coaters Pvt. Ltd.	50000	10	5000000	0
Shree City Colonisers Pvt. Ltd.	20000	10	2000000	0
Shree City Developers Pvt. Ltd.	5000	10	500000	0
Shree Sai Steel Industries India	50000	10	20500000	0
Silver Emporium Pvt. Ltd.	93750	10	15000000	0
Sokal Exports Pvt. Ltd.	3250	100	6500000	0
Sruti Filatex Private Limited	100000	10	1000000	0
Teena Housing Finance Co. Ltd.	25000	10	2500000	0
Viz Infra Consultant Pvt. Ltd.	2500000	10	25000000	0
Xanthus Developers Pvt. Ltd.	2100000	10	21000000	0
Yanki Infrastructure Pvt. Ltd.	305500	10	91955500	0
Active Tradecomm Pvt. Ltd.	5000	10	5000000	0

PRABHAV INDUSTRIES LIMITED

**SCHEDULE "1" TO "8" AND "15" FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

PARTICULARS		AS AT 31-03-2010 Rs.		AS AT 31-03-2009 Rs.
Himalaya Barter Pvt. Ltd.	30000	10	15000000	0
Juliet Merchants Pvt. Ltd.	26000	10	26000000	0
Macro Delcomm Pvt. Ltd.	26000	10	26000000	0
Maple Goods Pvt. Ltd.	175000	10	35000000	0
Marina Commodore Pvt. Ltd.	2300	10	2300000	0
Matrix Barter Pvt. Ltd.	50000	10	10000000	0
Moon City Vincom Pvt. Ltd.	30000	10	30000000	0
Ratnagiri Enclave Pvt. Ltd.	25000	10	5000000	0
Right Choice Vanijya Pvt. Ltd.	25000	10	5000000	0
Rupakar Tradeli	25000	10	5000000	0
Rupnarayan Niketan Pvt. Ltd.	25000	10	5000000	0
Seaview Suppliers Pvt. Ltd.	225000	10	45000000	0
Unicon Commodore Pvt. Ltd.	5000	10	5000000	0
Equity Shares Partly Paid Up Unquoted				
Amirashmi Finstock Pvt. Ltd.	100000	5	10000000	0
Seth Carbon and Alloys Pvt. Ltd.	52500	8	21000000	0
TOTAL (A)			954375220	0
(Refer Note No. 4 of Schedule 15)				
Investment in Securities - Unquoted			353000000	0
(Refer Note No. 5 of Schedule 15)				
TOTAL (B)			353000000	0
GRND TOTAL (A + B)			1307375220	0
SCHEDULE : 6				
CURRENT ASSETS, LOANS & ADVANCES				
INVENTORIES				
(As taken valued and certified by the Managing Director)				
(Lower of cost or net realisation value)				
Finished Goods	5129000		2230	
Scrap Materials	1350000		0	
Equity Shares	2230	6481230	0	2230
SUNDRY DEBTORS				
(UNSECURED CONSIDERED GOOD)				
Exceeding Six Months	697850		550000	
Other Debts	917352	1615202	147850	697850
CASH AND BANK BALANCES				
Cash on Hand	211333		91442	
Balances with Schedule Banks				
In Current Accounts	9094380		102437	
Balance with				
Co-operative Bank of Ahmedabad	35	9305748	35	193914

PRABHAV INDUSTRIES LIMITED

SCHEDULE "1" TO "8" AND "15" FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS		AS AT 31-03-2010 Rs.		AS AT 31-03-2009 Rs.
LOANS AND ADVANCES (UNSECURED CONSIDERED GOOD)				
Advances recoverable in cash or kind or for value to be received	160077182		73950950	
Tax Deducted from Interest	145999		0	
Tax Deducted from Contract	107793		107793	
Deposits	1085534	171186322	348848	74407591
		188588501		75301585
SCHEDULE : 7 CURRENT LIABILITIES & PROVISIONS :				
Sundry Creditors		16962126		6808776
Other Liabilities & Provisions	494555		151904	
Brokerage Payable	878535		878535	
Tax Deducted at Source	75514		87766	
Fringe Benefit Tax Payable	0		5480	
Provision for Taxation - A.Y.1997-1998	4508		4508	
A.Y.1999-2000	76100	1529212	76100	1204293
		18491338		8013069
SCHEDULE : 8 MISCELLANEOUS EXPENDITURE : (To the extent not written off or unadjusted)				
PRELIMINARY EXPENSES				
Brought Forward from Previous year	0		34044	
Less : Written off during the year	0	0	34044	0
SHARE ISSUE EXPENSES				
Brought Forward from Previous year	0		423675	
Less : Written off during the year	0	0	423675	0
PRE-OPERATIVE EXPENSES				
Brought Forward from Previous year	909673		59168	
Add : Incurred During the Year	977596		909673	
	1887269		968841	
Less : Written off during the year	1887269	0	59168	909673
		0		909673
SCHEDULE : 9 OTHER INCOME :				
Dividend Income		0		1026
Discount & Kasar		12098		0
Profit on Sale of Investments		850000		0
Interest Received		1212534		0
		2074632		1026

PRABHAV INDUSTRIES LIMITED

**SCHEDULE "1" TO "8" AND "15" FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2010**

PARTICULARS		AS AT 31-03-2010 Rs.		AS AT 31-03-2009 Rs.
SCHEDULE : 10				
<u>INCREASE / (DECREASE) IN STOCK :</u>				
Closing Stock			2230	
Finished Goods	5129000			
Scrap Materials	1350000			
Equity Shares	2230	6481230		2230
Less : Opening Stock				
Finished Goods	0			
Scrap Materials	0			
Equity Shares	2230	2230	0	0
		6479000		2230
SCHEDULE : 11				
<u>MANUFACTURING EXPENSES :</u>				
Power & Fuel Charges		2699219		0
Labour Charges Expenses		251000		
Freight & Carting Charges		171417		0
Transportation Expenses		95865		0
Tender Fees		20040		0
		3237541		0
SCHEDULE : 12				
<u>PERSONNEL :</u>				
Salaries & Wages Expenses		358950		0
Security Expenses		16908		0
		375858		0
SCHEDULE : 13				
<u>ADMINISTRATIVE & OFFICE EXPENSES :</u>				
Advertisement Expenses		0		4440
Computer Repairs & Maintenance Exp.		0		4000
Electricity Expenses		8610		8450
Commission on Sales		21632		0
Internate Charges		19497		9736
Custodian Charges		0		8427
Office & Miscellaneous Expenses		13098		13043
Post and Courier Expenses		17471		31
Printing & Stationery Expenses		17072		1500
Legal & Professional Fees		133112		67562
Staff Welfare Expenses		3358		0
Telephone Expenses		9888		450
Travelling Expensess		36154		0
Conveyance & Vehicle Running Expenses		4600		0

PRABHAV INDUSTRIES LIMITED

SCHEDULE "1" TO "8" AND "15" FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS		AS AT 31-03-2010 Rs.		AS AT 31-03-2009 Rs.
Audit Fees		66180		0
Building Maintenance Charges		28980		0
General Repairing Expenses		6830		0
Fees, Rent, Rates & Taxes		62927		0
Subscription / Membership Fees		6155		0
Right Issue Expenses		414159		0
Dmate Charges		1600		0
Custodian Charges		28678		0
Fees paid to CDSL for connectivity		55000		0
Stock Exchange Listing Fees		29781		25150
Penalty Paid to Stock Exchange		480000		0
Vat Panalty		100		0
		1464882		142789
SCHEDULE : 14				
<u>FINANCE AND BANK CHARGES :</u>				
Bank Charges		24028		7433
Interest Paid		12137		0
Interest on Fringe Benefit Tax		637		1148
Interest on Income Tax		9637		28158
		46438		36739

SCHEDULE – "15"**SCHEDULE FORMING PART OF THE ACCOUNTS
NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH' 2010****1. SIGNIFICANT ACCOUNTING POLICIES.****A. REVENUE RECOGNITION ON CONTRACTS: -**

- a) The financial statements have been prepared under historical cost convention adopting the accrual basis.
- b) All revenues and expenses are accounted on accrual basis except to the extent stated otherwise.
 - (i) Interest has not provided on loans and advance given by the company.
 - (ii) Interest has not provided on loans taken by the company.

B. FIXED ASSETS:

- a) Fixed assets are stated at cost of acquisition as reduced by accumulated depreciation.
- b) All direct expenses attributable to fixed assets are capitalized.

C. DEPRECIATION.

- (a) Depreciation is provided on straight line method at the rates and method prescribed under Schedule XIV of the Companies Act, 1956.
- (b) Depreciation is provided on Written Down Value Method at the rates and method prescribed under Schedule XIV of the Companies Act, 1956 on fixed purchase during the year on pro-rata basis.

D. INVESTMENTS :

Long terms investments are stated at cost. Provision for diminution in the value of investments is made only if such decline is other than temporary in the opinion of the management.

E. INVENTORY :

- a) Raw Material is valued lower of cost or net realizable value. Cost is determined on FIFO basis.
- b) Work-in-progress is valued at estimated cost.
- c) Consumable Stores are written off in the year of purchase.

E. RETIREMENT BENEFITS :

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

F. MISCELLANEOUS EXPENDITURE :

Pre-operative Expenses are being written off during the year.

G. CLAIMS, DEMANDS AND CONTINGENCIES:

Details of disputed and / or contingent liabilities are not available.

H. REVENUE RECOGNITION:

Income and expenses is recognized on accrual basis except to the extent stated otherwise.

I. PROVISION FOR CURRENT AND DEFERRED TAX :

- (a) In view of unabsorbed losses and in absence of taxable income under the provision of the Income Tax Act, 1961 in the current year, the Company believes that there will be no tax liability; no provision has been made for the same.
- (b) The Company has unabsorbed depreciation and carries forward losses under the Income Tax Act, 1961. In the absence of virtual certainty of sufficient future taxable income, deferred tax assets are not recognized in the account.

J. IMPAIRMENT OF ASSET:

If internal / external indications suggest that an asset of the Company may be impaired, the recoverable amount of asset / cash generating asset determined on the Balance Sheet date and it is less than its carrying amount of the asset / cash generating unit the carrying amount of asset is reduced to the said recoverable amount. The recoverable amount is measured as the higher of net selling price and value in use of such asset / cash generating unit, which is determined by the present value of carrying amount of the estimated future cash flow.

K. PRIOR PERIOD ADJUSTMENTS:

Identifiable items of income and expenditure pertaining to prior period are accounted through "Prior Period Adjustments Account".

- 2) Estimated account of contract remaining to be executed on Capital Account and not provided for (Net of Advance) Rs. NIL. (Previous year Rs. NIL)
- 3) In the opinion of the Management, the Provident Fund and ESI act are not yet applicable. Hence no provision has been made for the same.
- 4) The company has made investments in equity shares of various unlisted companies for the Cost of Rs.95,43,75,220/- (including under long terms investment of equity shares fully paid up with premium of Rs.92,33,75,220/- and partly paid with premium of Rs.3,10,00,000/-). We are unable to state the book value of the said investment, as the details for the same, as records are yet to be made available for our verification.
- 5) The company has made investments in equity shares of various unlisted companies for the cost of Rs.35,30,00,000/- (including under long term investment of equity shares). We are unable to ascertain the details for the same, as records are yet to be made available for our verification.
- 6) Segment Information for the year ended 31st March, 2010.

	Steel Div.		Software Division		Contract Division		Share Division		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-10
Revenue	23954266	0	3451	0	0	592376	0	13016523	23957717	13608859
Total Revenue	23954266	0	3451	0	0	592376	0	13016523	23957717	13608859
Profit/(Loss) Before Extra Ordinary Items	1044457	0	(108150)	(668699)	(23048)	454236	(222)	(211317)	913037	(425780)
Prior Year Expenses	0	0	0	0	0	0	0	0	0	0
Profit/(Loss) Before Taxes	1044457	0	(108150)	(668699)	(23048)	454236	(222)	(211317)	913037	(425780)
Segment Assets	1473862729	18998282	58920009	82092477	651194	1992289	7855	118077	1533441787	103201125
Segment Liabilities	47300724	14952697	3709546	2300473	2087765	2085955	614000	614000	53712035	19953125
Capital Expenditure	37384398	17997779	0	0	0	0	0	0	37384398	17997779
Depreciation	418483	0	51790	51790	3114	3114	0	0	473387	54904
Non-Cash Expenses other than Depreciation	0	0	0	516875	0	0	0	0	0	516887

7) Transaction with related parties (as certified by the management)

- A. Associates Concern :
- Pavitra Corporation
- B. Key Management Personnel
- Jayesh R. Thakkar
 - Bhavesh Desai
 - Santosh Kahar

Sr. No.	Transaction with Related Parties	Associate Concern	Key Management
1.	Loan Received	53.22(Nil)	9.35(104.56)
2.	Loan Repaid	Nil(Nil)	0.39(Nil)

8) Sundry Debtors and Creditors are subject to confirmation.

9) Earning per share

		2009-10	2008-09
A.	Net Profit / (Loss) after Tax available for equity shareholders (Rs. in Lacs)	913037	(696593)
B.	Weighted average number of Equity shares of Rs.10/- each outstanding during the year (Nos. of Shares)	46089100	5989100
C.	Basic Earnings per Share (Rs.)	0.02	(0.12)
D.	Diluted Earnings Per Share (Rs.)	0.02	(0.12)

10) Disclosure as per Amendment to Clause 32 of the Leasing Agreement.

Loans and Advances in nature of loans given to Subsidiaries, Associates & Others as on 31st March, 2010 Rs.1568.74 lacs. (Previous Year Rs.739.35 lacs).

- 11) Under the Micro, Small and Medium Enterprise Development Act, 2006 ("MSMED Act") which come into force effective from October 2, 2006, certain disclosures relating to amounts due to micro, small and medium enterprises and remained unpaid after the appointed date etc. of principal and interest amounts are required to be made. 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 enterprises, 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 provisions of the Act, would not be material and the same, if any, would be disclosed in the year of payment 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 Enterprises Development Act, 2006, the information required under the said Act could not be complied and disclosed.

- 12) All accounts including Unsecured Loans, Current Assets and Current Liabilities are as per Books of Accounts and subject to confirmation
- 13) Wherever no external evidence is available, the directors have approved all such transactions

14) Directors' Remuneration	2009-10	2008-09
	Rs.	Rs.
Salary	NIL	NIL

15) Auditor's Remuneration	2009-10	2008-09
	Rs.	Rs.
Audit Fees	66,180	40,000

- 16) In the opinion of the Directors, Current Assets, Loans and 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.

- 17) 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.

(a) TURNOVER	2009-10	2008-09
Contract Receipts / Sales / Services	Rs.2,23,32,016	Rs.1,36,08,899
(b) Value of indigenous and imported material Together with percentage of consumption		
(i) Imported	NIL	NIL
(ii) Indigenous	Rs.2,23,94,147	Rs.1,32,11,340
(c) CIF Value of Import	NIL	NIL
(d) Expenditure in Foreign Currency	NIL	NIL
(e) Earning in Foreign Exchange	NIL	NIL
(f) Remittance in Foreign Currency	NIL	NIL

(Figures in brackets indicate corresponding figures of previous year)

- 18) Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

FOR MAHENDRA .P. SHAH & CO.
CHARTERED ACCOUNTANTS

FOR PRABHAV INDUSTRIES LIMITED

(M.P.SHAH)
PROPERITOR
M.NO. 45149
FRN: 114068W
PLACE : VADODARA
DATE : 31ST JULY, 2010

Sd/-
DIRECTOR

Sd/-
DIRECTOR

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details:

Registration No. 28373
Balance Sheet Date:

State Code: 04
31 03 2009
Date Month Year

II Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

NIL

Bonus Issue

NIL

Rights Issue

NIL

Private Placement

1025857

III Position of mobilization and Deployment of funds (Amount in Rs. Thousand)

Total Liabilities

1540954

Total Assets

1540954

Sources of Funds

Paid up Capital

461385

Reserves And Surplus

1025857

Secured Loans

NIL

Unsecured Loans

35221

Application of Funds

Net Fixed Assets

37478

Investments

1307375

Net Current Assets

170097

Misc. Expenditure

NIL

Accumulated Losses

7512

IV Performance of Company (Amount In Rs. Thousands)

Turnover

24407

Total Expenditure

29880

+ - Profit Before Tax

1006

+ - Profit After Tax

1006

(Please tick appropriate box + for Profit - for loss)

Earnings per Share in Rs.

0.02

Dividend @ %

NIL

V Generic Names of Three Principal Products / Services of Company.

(as per monetary terms)

Item Code No. (ITC Code)

Not Applicable

Product Description

FOR MAHENDRA .P. SHAH & CO.
CHARTERED ACCOUNTANTS

FOR PRABHAV INDUSTRIES LIMITED

(M.P.SHAH)
PROPERITOR

M.NO. 45149

FRN: 114068W

PLACE: VADODARA

DATE : 31ST JULY, 2010

Sd/-
DIRECTOR

Sd/-
DIRECTOR

SHAREHOLDERS' INFORMATION

❖ REGISTERED OFFICE : CHINOI BUILDING, STATION ROAD,
VADODARA, GUJARAT-390 002.

❖ ANNUAL GENERAL MEETING:

Day : Thursday

Date : 30th September, 2010

Venue : Chinoi Building, Station Road, Vadodara, Gujarat- 390 002.

❖ FINANCIAL YEAR : 1st April 2009 to 31st March 2010.

❖ DATE OF BOOK CLOSURE :

Monday, 15th August, 2010 to Friday, 16th August 2010 (Both days inclusive)

❖ LISTING ON STOCK EXCHANGES AND SCRIP CODE:

Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers

Dalal Street,

Mumbai- 400 001.

SCRIP CODE: 531855

ISIN NO. : INE538J01012

❖ REGISTRAR AND SHARE TRANSFER SYSTEMS:

In due compliance with the SEBI norms, the Company has entrusted the Share Transfer Work, both physical as well as electronic transfers to the transfer agents mentioned below:

Link-Intime India Pvt. Ltd.

1st Floor, 308, Jaldhara Complex,

Manisha Chokdi,

O.P. Road, Vadodara-390015.

❖ SHARE HOLDING PATTERN / DISTRIBUTION OF SHAREHOLDING

↓ SHAREHOLDING PATTERN AS ON 31.03.2010

Category	No of shares	% of shareholding
Indian Promoters	422600	0.92
Banks/ Financial Institutions/ Insurance Cos/Government	—	—
FII's/ NRIs	—	—
Private Bodies Corporate	—	—
Indian Public/ Clearing Members	—	—
Others	—	—
TOTAL	—	99.08
	422600	100

↓ DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010

Category		Share Holders		Share Amount	
		Number of holders	% on total	(In Rs.)	% on total
1	500	948	51.4100	2302700	0.4996
501	1000	329	17.8416	2904850	0.6303
1001	2000	145	7.8633	244399	0.05302
2001	3000	72	3.9046	192846	0.4184
3001	4000	41	2.2234	151900	0.3295
4001	5000	40	2.1692	197400	0.4283
5001	10000	119	6.4534	890500	1.9321
10001	And above	157	8.5141	43891300	95.2314
TOTAL			46089100	100.0000	

↓ PRICE VOLUME DATA

Month	Open Price	High Price	Low Price	Close Price
April 2009	—	—	—	—
May 2009	—	—	—	—
June 2009	—	—	—	—
July 2009	—	—	—	—
August 2009	18.00	24.25	18	23.25
September 2009	24.40	28.8	18.85	18.85
October 2009	17.95	19.1	12.85	14.2
November 2009	13.75	32.98	13.75	32.98
December 2009	34.60	43.7	30.45	43.7
January 2010	45.85	56.35	34.75	47.55
February 2010	45.20	68.35	38.85	55.9
March 2010	58.40	71.75	52.4	56.2

❖ FOR ALL MATTERS RELATING TO ANNUAL REPORTS
Address : CHINOI BUILDING, STATION ROAD, VADODARA-390 002

❖ FOR ALL MATTERS RELATING TO SHARES :

Link-Intime India Pvt. Ltd.
1st Floor, 308, Jaldhara Complex, Manisha Chokdi,
O. P. Road, Vadodara 390015

(Jayesh Thakkar)
Managing Director

BOOK POST

To,

If undelivered please return to :



Prabhav Industries Limited

Chinai Building, Station Road, Vadodara - 390 002.