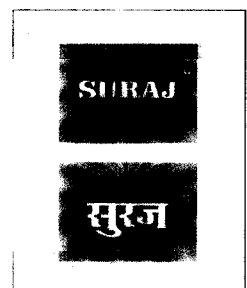
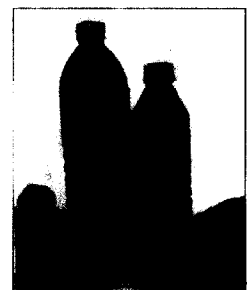
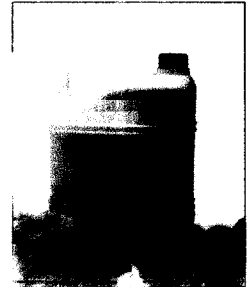


14th

**ANNUAL REPORT
2005-2006**



POONA DAL AND OIL INDUSTRIES LTD.

BOARD OF DIRECTORS

Mr. Sunil D. Parakh	Chairman
Mr. Pradip P. Parakh	Managing Director
Mr. Mahendra S. Mehta	Director
Mr. Jitendra H. Palnitkar	Director
Mr. Pankaj C. Baldota	Works Director
Mr. Rajendra D. Shetiya	Works Director
Mr. Shailesh C. Doshi	Works Director

REGISTERED AND CORPORATE OFFICE

103/104, Hadapsar Industrial Estate,
Pune 411 013

LOCATION OF PLANTS

- Gat No. 285/286, Nanekarwadi
Alandi Phata, Chakan,
Pune 410 501.
- Gat No. 366, Shikrapur
Tal Shirur, Dist - Pune.
- E-2, MIDC., Kurkumbh,
Tal - Daund, Dist - Pune - 413 801.

BANKERS

Central Bank of India
Corporation Bank

AUDITORS

M/s. M. Z. Gandhi & Co.
Chartered Accountants,
799, Sadashiv Peth, Pune 411 030.

REGISTRARS & TRANSFER AGENTS

(for Demat & Physical Shares)

SHAREX DYNAMIC (INDIA) PVT. LTD.
Unit 1, Luthra Ind. Premises, Safed Pool,
Andheri Kurla Road, Andheri (E),
MUMBAI 400 072



NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF POONA DAL AND OIL INDUSTRIES LIMITED WILL BE HELD ON SATURDAY THE 23rd SEPTEMBER 2006 AT 03.30 P.M. AT 103/104, HADAPSAR INDUSTRIAL ESTATE, PUNE- 411 013 TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS

- 1) To receive, consider and adopt the Balance Sheet as at 31st March, 2006 and the Profit and Loss account for the year ended as on that date together with the Directors' Report and the Auditors' Report thereon.
- 2) To Declare a dividend
- 3) To appoint a Director in place of Mr. Sunil D. Parakh who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. Pankaj C. Baldota who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint auditors and to fix their remuneration

SPECIAL BUSINESS

- 6) To consider and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Shailesh C. Doshi Additional Director, who in terms of Section 260 of the Companies Act, 1956 holds office till the ensuing Annual General Meeting and in respect of whom, notice under Section 257 of The Companies Act, had been received, proposing his candidature for the office of director, be and he is hereby appointed as director of the company

- 7) To consider and if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution

"RESOLVED THAT pursuant to Sections 198, 269, 309 Schedule XIII and other applicable provisions if any of the Companies Act, 1956 subject to the approval of the members in General Meeting and subject to such other approvals as may be required, Mr. Shailesh C. Doshi be and he is hereby appointed as Works Director for a period of two years with effect from 1st June 2006 upon the terms and conditions set out hereinafter with liberty to the Board to alter and vary the terms and conditions of the appointment and also as not to exceed the limits specified in the Companies Act, 1956 or any amendments thereto as may be made applicable to the company from time to time."

DUTIES AND FUNCTIONS

- a) The functioning of the Works Director shall be subject to the superintendence and control of the Board of Directors.
- b) The Works Director shall be responsible for the day to day management of the company's Factory located at E-2, Kurkumbh Industrial area, at Kurkumbh, Tal Daund, Dist Pune.
- c) Matters relating to availment of finance and loan matters shall be decided by the Board of Directors and not by the Works Director.
- d) For the purposes of the Factories Act 1948, the Works Director shall be deemed to be the occupier and notices in this regard shall be given to the Chief Inspector of Factories.
- e) He shall also be nominee for the purposes of matters relating to food and drug administration as applicable to the company.



- f) The Works Director may be empowered to hire staff and workmen upto the level of Ten Workmen but he shall not be entitled to vary the terms of service or dismiss from service any staff or workmen without the consent of the Board of Directors.

REMUNERATION

Salary : Rs. 12500/- per month with effect from 1st June 2006

RESOLVED FURTHER that the appointment as Works Director shall cease upon him ceasing to be a director; he may however continue in employment at the pleasure of the Board of Directors of the Company.

Place: Pune

For and on behalf of the Board of Directors

Date: 29.07.2006

SUNIL D. PARAKH
CHAIRMAN

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and the proxy need not be a member of the Company. The instrument appointing the proxy should however be deposited not later than 48 hours before the commencement of the meeting at the registered office of the Company.
2. The Register of members and share transfer books will be closed from 16th September 2006 to 23rd September 2006 (both days inclusive).
3. Dividend as and when declared, will be paid to those members whose names will appear on the Register of Members on 23rd September 2006.
4. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to and forms part of this notice.
5. All correspondence pertaining to shares and requests for dematerialization/ transfer of shares may kindly be forwarded direct to the Registrars and Share Transfer Agents, Sharex Dynamic (India) Pvt. Ltd
6. Members who are interested to avail nomination facility may obtain necessary application form from Sharex Dynamic (India) Pvt. Ltd.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT, 1956****ITEMS 6 & 7 OF THE NOTICE**

The company had acquired the property and assets of a unit at Kurkumbh which entailed appointment of a wholetime works director. Mr. Shailesh C. Doshi possesses the requisite experience and the new unit would benefit under his guidance.

Your Directors commend the adoption of the resolutions as proposed

Except Mr. Shailesh C. Doshi none of the other directors may be deemed to be concerned in or interested in the resolutions as proposed

Place: Pune

For and on behalf of the Board of Directors

Date: 29.07.2006

SUNIL D. PARAKH
CHAIRMAN

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the Audited Accounts of your company for the year ended 31st March 2006

REVIEW OF PERFORMANCE

	(Rs. In Lakhs)	
	2005-2006	2004-2005
Sales	19120.44	26658.60
Profit before tax	146.94	105.06
Profit after tax	121.94	85.06

Sales during the year was Rs. 19120.44 lakhs compared with Rs. 26658.60 lakhs in the previous year. The reduction in sales was on account of lower offtake; however the various cost control measures have resulted in lower cost of production and the profit before tax at Rs. 146.94 lakhs is significantly higher than the previous years' figure of Rs. 105.06 lakhs. With a view to future expansion and the need to conserve resources, your directors recommend dividend at 9% on the paid up equity share capital of Rs. 5.708 Crores.

CURRENT YEAR'S WORKING:

Working during the first quarter of the current year is quite encouraging.

DIVERSIFICATION

To part diversify the activities the company took over the property and assets of a unit at Kurkumbh. The products flowing from the unit would enhance the existing product line of the company.

DIRECTORATE

During the period under review, Mr. Shailesh C. Doshi was co-opted to the board of directors and also appointed as works director for a period of two years with effect from 1st June 2006. Mr. Sunil D. Parakh & Mr. Pankaj C. Baldota retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Necessary resolutions for the appointment of directors is being proposed in the notice convening the fourteenth annual general meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

While preparing the annual financial statements, the Company has adhered to the following

- (i) In the preparation of the said financial statements the company has followed the applicable accounting standards referred to in Section 211(3-C) of the Companies Act, 1956;
- (ii) The company has followed the said Accounting Standards and applied them consistently and has made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2006 and of the profit of the company for that period;
- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The directors have prepared the financial statements on a going concern basis."



AUDITORS

The term of Office of the auditor M/s. M. Z. Gandhi & Co., Chartered Accountants expire at the conclusion of the ensuing Annual General Meeting and being eligible and available offer themselves for reappointment.

DEPOSITS

The company has not accepted any deposits from the public as envisaged under Section 58A of the Companies Act, 1956 and the rules made thereunder.

INFORMATION UNDER SECTION 217 OF THE COMPANIES ACT, 1956.

- a) Conservation of Energy: Efforts are being continued at Chakan & Chikrapur plants and at the Corporate Office to optimize utilization of Power & Fuel.
- b) Technology Absorption : Not applicable
- c) Foreign Exchange earnings and outgo

Foreign Exchange Earnings:	Rs. Nil
CIF Value of imports:	Rs. 9278.63 lakhs

PARTICULARS OF EMPLOYEES

None of the employees of the company was in receipt of remuneration as specified in Section 217(2A) of the Companies Act, 1956 and the rules made thereunder.

HEALTH AND SAFETY PERFORMANCE

Awareness for health and safety is being created.

CORPORATE GOVERNANCE

The report on Management's discussion and Analysis and Report on Corporate Governance are forming part of this Report and are annexed as Annexure I and Annexure II. As required by the listing agreement, an Auditors' Report on Corporate Governance is also attached to the said report

CASH FLOW STATEMENT

As required under Clause 32 of the listing agreement, a cash flow statement is attached to the Balance Sheet alongwith the Auditor's Certificate.

ACKNOWLEDGMENTS

The Directors acknowledge with thanks the help and co-operation rendered by the Bankers of the company, the financial institutions, employees of the company at all levels and also the support of the shareholders of the company.

Place: Pune

Date: 29.07.2006

For and on behalf of the Board of Directors

SUNIL D. PARAKH
CHAIRMAN



REPORT ON MANAGEMENT'S DISCUSSIONS AND ANALYSIS

I) Industry structure and developments

The products of the company fall into two segments namely oil and food grains. The oil industry consists of several players, both organized and unorganized. Severe recessionary conditions in previous years have taken a toll of some of these players and as mentioned in the previous annual report, the oil industry continues to be in the grip of a severe recession, which may persist for a year or two. Both oil and food grains depend to a large extent on the monsoons and a favorable monsoon would have a significant impact on both the industries.

II) Opportunities and threats

The products of the company are largely agro based and performance, would depend to a large extent on the vagaries of the monsoon. A serious threat to the oil division is the availability of imported edible oil at comparatively lower prices, which continues to have a significant impact on the prospects of the company. However the company is able to sustain profitability by strict adherence to quality and standards.

III) Segment wise or product-wise performance

OIL DIVISION: Sales of the Oil Division were Rs. 13561.04 lakhs compared with Rs. 23102.52 lakhs in the previous year. The reduction in sales is on account of lower offtake.

AGRO DIVISION: The working of the Agro Division was adversely affected on account of increase in the price of imported food grains. It is expected that these adverse factors would be overcome within the next two years.

IV) Outlook

The future outlook particularly in the area of food grains is encouraging. However, given international trends, the oil division may come under some pressure, on account of low margins prevalent.

V) Internal control systems and their adequacy

The company has adequate internal control systems with appropriate controls and checks. Effective measures are taken to ensure that all assets of the company are protected and all transactions are recorded in conformity with accepted accounting principles. As stated in the report of the board, it is implementation of systems that has resulted in the increased profitability. The internal audit department regularly conducts review of the financial and operating controls in all areas of the Company's operations including transaction checks and significant issues, if any, are brought to the attention of the audit committee.

VI) Discussions on financial performance with respect to operational performance.

The turnover during the year was Rs. 19120.44 lakhs compared with Rs. 26658.60 lakhs in the previous year. Profit before tax was Rs. 146.94 lakhs compared with Rs. 105.06 lakhs in the previous year. The borrowings by the company have not had a significant impact on profits.

VII) Material developments in Human Resources/Industrial Relations Front including number of people employed.

The company continues to focus on its core values of quality, integrity, leadership, and respect for people. Relations between the company and the employees continue to be cordial at all locations.

**Appointment / Re-appointment of Director :**

Disclosure required under Clause 49 of the Listing Agreement in respect of Director seeking appointment / re-appointment at the Fourteenth Annual General Meeting :

Mr. Sunil D. Parakh

Date of birth	:	20.02.1964
Date of appointment	:	23.08.1995 as Chairman
Expertise in specific functional areas	:	Overall Supervision of Management functions & responsibilities
Qualification	:	B. Com
Number of shares held in the Equity Capital of the Company	:	286300
Directorships in other companies	:	Poona Dal and Besan Mills Pvt. Ltd. Poona Dal Import and Export Pvt. Ltd. Poona Roller Flour Mills Ltd
Committee / executive positions held in other companies	:	NIL

Mr. Pankaj C. Baldota

Date of birth	:	17.10.1971
Date of appointment	:	29.09.1997 as a Works Director
Expertise in specific functional areas	:	Expertise in processing & manufacture of Besan & other Flour Product
Qualification	:	B. Com
Number of shares held in the Equity Capital of the Company	:	NIL
Directorships in other companies	:	NIL
Committee / executive positions held in other companies	:	NIL

Mr. Shailesh C. Doshi

Date of birth	:	11.01.1970
Date of appointment	:	01.06.2006 as a Works Director
Expertise in specific functional areas	:	Expertise in the processing of Edible Oil
Qualification	:	B. Com
Number of shares held in the Equity Capital of the Company	:	NIL
Directorships in other companies	:	NIL
Committee / executive positions held in other companies	:	NIL



ANNEXURE II

REPORT ON CORPORATE GOVERNANCE

(pursuant to Clause 49 of the listing agreement)

MANDATORY REQUIREMENTS

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate governance has several key elements viz., Shareholders, employees, creditors, government and society at large. The three key aspects of corporate governance are accountability, transparency, and equality of treatment to stakeholders. In this context, the company's philosophy on Corporate Governance is:

- To have systems in place which will allow sufficient freedom to the Board of Directors and Management to take decisions towards the progress of the company and to innovate while remaining within a framework of effective accountability
- To provide transparent corporate disclosures and high quality accounting practices
- Timely and proper dissemination of material prices, sensitive information and ensure insiders do not transact in securities of the Company till such information is made public
- To adopt good Corporate Governance policies that will contribute to the efficiency of the enterprise, creation of wealth for the shareholders and country's economy

2. BOARD OF DIRECTORS

The Board of Directors as on the date of this report consists of seven directors of whom the Managing Director and two works directors are in whole time employment of the company. The other directors are Non- Executive Directors of the company.

The details are furnished hereunder;

Sr. No.	Names of the Directors	Executive/ Non Executive Director	Promoter/Independent/ Nominee Director
1	Mr. Sunil D. Parakh	Chairman and Non- Executive Director	Promoter Director
2	Mr. Pradip P. Parakh	Managing Director	Independent Director
3	Mr. Mahendra S. Mehta	Non- Executive Director	Independent Director
4	Mr. Jitendra H. Palnitkar	Non- Executive Director	Independent Director
5	Mr. Rajendra D. Setiya	Works Director	Independent Director
6	Mr. Pankaj Chandulal Baldota	Works Director	Independent Director
*7	Mr. Shailesh C. Doshi	Works Director	Independent Director

* Appointed to the Board of Directors with effect from 1st June 2006

Board Meetings:

During the year 2005-2006 Board Meetings were held on 6th April 2005, 30th June 2005, 30th July 2005, 24th September 2005, 29th October 2005, 4th December 2005, 28th January 2006, 4th March 2006. Attendance of each Director, at the Board Meetings held during the financial year 2005-2006 and at the last Annual General Meeting is furnished hereunder