

# **ANNUAL REPORT**

## **2006-2007**



---

# **PRATIKSHA CHEMICALS LTD.**

---

For, PRATIKSHA CHEMICALS LTD.

  
DIRECTOR

## **FIFTEENTH ANNUAL REPORT 2006-07**

### **BOARD OF DIRECTORS**

Shri H. K. Bhatt	-	Chairman & Whole-time Director
Shri J. K. Patel	-	Director
Shri U. L. Adhvaryu	-	Director
Shri S. Z. Patel	-	Director

### **AUDITORS**

M/s. Mulani Kajrekar & Co.  
Chartered Accountants  
Ahmedabad.

### **BANKERS**

Dena Bank  
Bank of Baroda  
State Bank of India

### **REGISTERED OFFICE**

PRATIKSHA CHEMICALS LTD  
3rd Floor, H. K. Complex,  
Opp. Dharnidhar Derasar,  
Vasna, Ahmedabad - 380 007

### **FACTORY**

195/2, Near Natraj Industrial Estate.  
Village Iyawa - Vasna,  
Sanand, Dist. Ahmedabad

To,  
Members,

Your Directors have pleasure in presenting Sixteenth Annual Report of the Company together with the Audited statements of Accounts for the financial year ended on 31<sup>st</sup> March 2007.

## 1. FINANCIAL RESULTS

PARTICULARS	[RS.IN LACS]	
	FINANCIAL YEAR 2006-2007	PREVIOUS YEAR 2005-2006
Profit/[Loss]before depreciation	- 3.43	(08.68)
Depreciation	- --	--
Profit/[Loss] before tax	- 3.43	(08.68)
Provision for Tax	- 0.18	--
Profit/[Loss] after tax	- 3.25	(08.68)

## 2. DIVIDEND

On account of accumulated losses, your directors did not recommend any dividend.

## 3. OPERATIONS

During the year under review, despite of slack industrial market and liquidity crisis, company has achieved a turnover of Rs. 237.20 Lacs, which is quite reasonable. Company has made nominal loss during the year, which was overshadowed by huge accumulated losses.

## 4. FUTURE PROSPECTS

During the year under review, Company has concentrated mainly on exports through merchant exporters. Company has good enquiries on hand, which are quite prospective. Company has put more emphasis on quality control comparable to international standard along with quality measures for pollution control. In the times to come, your Directors are quite hopeful of wiping out of loss through achieving better sales target and cost conservative measures even though not compromising on quality standard of the product.

## 5. DIRECTORS

Shri Somabhai Z. Patel, Director of the company retires by rotation and is eligible for reappointment.

Shri Bharat Shah & Shri K.K. Sundaram were appointed as additional Directors during the year representing M/s. SBS Colores & Chemiques Pvt. Ltd. Who have invested strategically in the company.

Shri Jayesh B.Chauhan & Shri Randhir Bhalla were also appointed as additional Director of the company to comply with corporate governance norms.

## 6. PERSONNEL

Your director's wish to place on record their appreciation for the contribution to growth of the business made by employees at all levels. Information as required pursuant to section 217 [2A] of Companies Act, 1956 has not been given, as it is not applicable.

## 7. AUDITORS

M/s. Mulani Kajarekar & Co., Chartered Accountants, Ahmedabad, Auditors of the Company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

**8. DEPOSITS**

During the year under review, the company has not accepted any deposit falling under section 58A of Companies Act, 1956.

**9. ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE**

The additional information required to be disclosed in terms of notification No.1029 dated 31st December 1998 issued by the Department of Company Affairs, Ministry of finance is appended hereto and form part of this report. During the year under review, there has been an earning and outgo of foreign exchange, details of which is given in item no. 14 to notes to Accounts. The company does not have any imported technology.

**10. AUDITORS QUALIFICATION**

As Auditors of the company has qualified their report to the members of the company. In this connection, Board of directors of the company have discussed the same at arms' length on the recommendation of audit committee and have initiated action to take necessary steps so as to show true and fair view of state of affairs of the company in the coming financial year.

**11. REPORT ON CORPORATE GOVERNANCE**

Report of Director on corporate governance is a part of Annual Report and is annexed is annexure-A.

**12. MANAGEMENT DISCUSSIONS AND ANALYSIS**

Report on Management Discussion and Analysis is annexed in Annexure - B.

**13. DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, the Directors Confirm that :

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give true and fair view of the state o affairs of the company at the end of the financial year ended 31<sup>st</sup> March, 2007 and the profit and loss account for the year ended 31<sup>st</sup> March, 2007.
- Proper and sufficient care has been taken for the maintenance of 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 annual accounts have been prepared on a going concern basis.

**14. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the whole-hearted co-operation extended to company from various departments of the central and state governments, company's bankers and financial institutions and employees of the company and look forward for the same cordial relationship in coming years.

**PLACE : AHMEDABAD**

**DATE : 8/10/2007**

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**

Sd/-

**SHRI H.K. BHATT**  
**CHAIRMAN**

**ANNEXURE 'A'****REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

The Securities and Exchange Board of India (SEBI) constituted the committee on corporate Governance to promote and raise the standard of corporate governance of listed companies. The committee made recommendations on the composition of the board of directors, audit committee, board procedure etc.

The Company is taking necessary steps to comply with the clause 49 of the Revised Listing Agreement. Given below is the report of the Directors on the corporate governance.

**REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :**

The Company believes in functioning in a transparent manner with the basic philosophy being to enhance the shareholder value, keeping in mind the needs and interest of other stakeholders, in compliance thereof. The following information is placed before the shareholders.

**BOARD OF DIRECTORS :**

Name of Director	Category	No. of Board Meeting Held	Attended	Last AGM Attendance
Shri H. K. Bhatt	Mg. Director	5	4	Yes
Shri J. K. Patel	Chairman & Whole time Director	5	5	Yes
Shri Randhir Bhalla	Director	5	1	Yes
Shri Somabhai Patel	Non Executive Independent	5	5	No
Shri Upendra Adhvaryu	Non Executive Independent	5	5	No
Shri Bharat Shah	Non Executive Independent	5	0	No
Shri K. K. Sundram	Non Executive Independent	5	0	No
Shri Jayesh B. Chauhan	Non Executive Independent	5	1	No

P- Present A- Leave of Absence granted

No Directors are having Chairmanship of more than five companies where they are director.

**Details of other Directorships:**

Name of Director	Other Directorship (No of Company)
Shri H. K. Bhatt	3
Shri J. K. Patel	2
Shri Randhir Bhalla	-
Shri Upendra Adhvaryu	-
Shri Somabhai Z. Patel	-
Shri Bharat Shah	1
Shri K. K. Sundram	1
Shri Jayesh B. Chauhan	-

In line with the requirements of the code of the corporate governance, the board of directors comprises of eight members. Hence, company has accomplished the revised clause - 49 of listing agreement.

## 2. AUDIT COMMITTEE :

The audit committee has the following non-executive Director

1. Mr. Upendra Adhvaryu
2. Mr. Somabhai Z. Patel
3. Mr. J. K. Patel

The scope of committee includes.

- a. Review of company's financial reporting process and the financial statement.
- b. Review internal control systems and functioning of internal audit process.
- c. Post audit review with statutory auditors.

During the year under review, Audit committee met thrice where all the members attended meetings.

## 3. REMUNERATION COMMITTEE :

Remuneration committee consist of Mr. Upendra Adhvaryu & Mr. Somabhai Patel.

Remuneration paid to directors was Rs. 9,60,000/- during the year.

## 4. SHAREHOLDERS COMMITTEE :

The Company has complied the requirement of the sub clause VI (A) (B) of the clause 49 of the Listing Agreement.

The Composition of shareholders cum investor's grievance committee was as follows :

Name	Designation
Mr. Somabhai Z. Patel	Chairman
Mr. J. K. Patel	Member

During the year, the company has not received any complaints. Company has also appointed M/s. Pinnacle Share Registry P. Ltd. as common agent as per requirement of listing agreement.

The Share received for transfer are approved on 15<sup>th</sup> and 30<sup>th</sup> of the each month and are given effect by the Registrar and Share Transfer Agent.

## 5. GENERAL BODY MEETING :

Date	Type	Time	Location
30-9-2004	AGM	10.00 AM	3rd Floor, H. K. Complex, Vasna, Ahmedabad
30-9-2005	AGM	10.00 AM	3rd Floor, H. K. Complex, Vasna, Ahmedabad
29-9-2006	AGM	10.00 AM	3rd Floor, H. K. Complex, Vasna, Ahmedabad

There are no special resolutions passed by the company through postal ballot at any of the above annual general meeting.

## 6. DISCLOSURES :

- (a) During the year under review, the quarterly unaudited results were taken on record by the Board of Directors at the end of month of respective quarter. In terms of Clause 41 of listing Agreement, the same were furnished to the concerned stock exchanges and were also circulated in the newspaper within the stipulated time.
- (b) Company has followed accounting standards diligently.
- (c) Further, Company is in the process of lying down risk assessment system.
- (d) Further, Company has not received any funds through capital market during the year.
- (e) Transaction with related parties have been properly disclosed in notes to accounts at point No.-16(B) and discussed at length by audit committee.
- (f) Management discussion and analysis report is attached to and forms part of this report.
- (g) Further, Shri H. K. Bhatt, Whole Time Director of the company has certified to Board of Directors of the company regarding compliance of sub-clause (v) of clause 49 of listing agreement.

## 7. MEANS OF COMMUNICATION :

The means of communication between the Shareholders and Company are transparent and investor friendly. Steps are being taken to display the corporate results on the EDIFAR & corporate website, which is being developed.

## 8. GENERAL SHAREHOLDER INFORMATION :

1. Financial Calender : 1st April 2006 to 31st March 2007
2. Date of Book Closure : From 21st Sept. 2007 to 29th Sept. 2007.  
(Both days inclusive)
3. Dividend Payment Date : No Dividend declared

## 9. MANAGEMENT

The company will comply with the requirements of the sub-clause V of clause 49 of Revised listing agreement.

## 10. LISTING ON STOCK EXCHANGE :

1. The stock Exchange, Mumbai
2. Ahmedabad Stock Exchange

## 11. Stock code on BSE

531257

**Market Price Data :**

Share price in The Stock Exchange, Mumbai :

MONTH	HIGH (RS.)	LOW (RS.)
April, 2006	3.93	3.02
May, 2006	3.69	2.90
June, 2006	3.65	3.33
July, 2006	3.20	1.85
August, 2006	2.69	1.83
September, 2006	2.30	1.53
October, 2006	3.00	1.70
November, 2006	3.43	2.10
December, 2006	4.00	2.24
January, 2007	10.69	2.65
February, 2007	6.77	4.38
March, 2007	5.55	5.36

Performance in Comparison to broad based Indices such as BSE sensex, CRISIL Index etc.

Not applicable since shares are traded in B2 list of the stock Exchange, Mumbai.

**12. REGISTRAR AND SHARE TRANSFER AGENT**

PINNACLE SHARES REGISTRY PVT.LTD.

NR, ASHOKA MILLS, NARODA ROAD,

AHMEDABAD – 380 025

TEL. NO. 22204226, 22200591, 22200582

FAX // 91 – 079 - 22202963

**SHARE TRANSFER SYSTEM :**

Company has appointed M/s. Pinnacle Shares Registry Pvt. Ltd. as its common agent to carry on its electronic as well as physical share transfer.

Share Transfer are registered and dispatched within a period of thirty days from the date of the lodgement if the transfer documents are correct and valid in all respects.



**A. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2007.**

No. of Equity Shares Held	No. of Share holders	% of Shareholders	No. of Shares	% of Shareholders
1 to 5000	4294	86.57	573839	10.30 %
5001 to 10000	273	5.50	242937	4.36 %
10001 to 20000	220	4.44	390955	7.02 %
20001 to 30000	54	1.09	138139	2.48 %
30001 to 40000	26	0.52	96650	1.74 %
40001 to 50000	17	0.34	79304	1.42 %
50001 to 100000	34	0.69	249945	4.49 %
100001 and above	42	0.85	3798571	69.19 %
TOTAL	4960	100	5570340	100 %

**B. Distribution pattern as on 31st March, 2007**

Particulars	No. of Shares	Percentage (%)
Promoters and Relatives	1733089	31.11
Bodies Corporate	1293561	23.22
Banks / FII / FI / NRI	632200	11.34
Public	1911490	34.31

**C. Dematerialization of Shares and Liquidity****ISIN NO. INE530D01012**

Outstanding GDRs/ ADRs/ Warrants or any  
Convertibles Instruments, Conversion date  
And Likely impact on equity:

Not applicable

Plant Location:

SANAND

Address for Correspondence:  
Registrar and share transfer Agent:  
PINNACLE SHARES REGISTRY PVT.LTD.  
NR, ASHOKA MILLS, NARODA ROAD,  
AHMEDABAD – 380 025

**FOR, PRATIKSHA CHEMICALS LTD.**

Sd/-

**WHOLE TIME DIRECTOR**

## **ANNEXURE "C"**

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **1. Overall Review**

The overall performance during the year 2006-07 has been satisfactory.

#### **2. Financial Review**

The sales for the year ended 31st March 2007 was Rs. 237.20 Lacs. It shows increase compared to previous year.

#### **3. Internal Control System and their adequacy**

Considering the size of the company, your company has adequate system of internal control to provide reasonable assurance that assets are safeguarded and protected from unauthorized use or disposition.

#### **4. Business Environment**

The performance of the company for the year under review was satisfactory.

#### **5. Risk and Concept**

The building, plant and machinery, vehicle and stocks of the Company are adequately insured.

#### **6. Cautionary Statement**

Statements in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially, from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within india and the countries with which the company has business contracts and other factors such as litigation and industrial relations.

The company assumes no responsibility in respect of forward-looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

**For Pratiksha Chemicals Ltd.**

**Sd/-**

**Whole Time Director**