

# 19<sup>th</sup> ANNUAL REPORT 2006-07



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**PRERNA INFRABUILD LTD.**  
(Formerly known as Prerna Finsafe Ltd.)

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**CORPORATION INFORMATION****Board of Directors**

Chairman	Vijay C. Shah
Wholetime Director	Nalini V. Shah
Wholetime Director Finance	Sanket V. Shah Swetal C. Parikh Mahendra K. Gosaliya Dinesh Kamdar Kiranbhai Shah

**Audit Committee**

Chairman	Mahendra K. Gosaliya Kiranbhai Shah Sanket V. Shah
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**Remuneration Committee**

Chairman	Mahendra K. Gosaliya Sanket V. Shah Swetal Parikh
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**Company Secretary**

Pinakin Shah  
C-103, Panchdhara Plaza,  
Satelite Road, Ahmedabad-380 015.

**Auditors**

C. N. Shah & Company  
*Chartered Accountant*  
2nd Floor, Samrat Building,  
Nr. Choice Gali, Swastik Cross Road,  
C. G. Road, Ahmedabad.

**Registered Office**

606, Doctor House,  
Nr. Parimal Rly. Crossing,  
Ahmedabad-380 006.

**Site Office**

"Prerna", Prerna Manor,  
Opp. Ananddham Derasar,  
S. G. Highway, Ahmedabad.

**Register & Share Transferred Agent**

Pinnacle Shares Registry Pvt. Ltd.  
Near Ashok Mills, Naroda Road,  
Ahmedabad-380 025

**Website**

[www.prernagroup.com](http://www.prernagroup.com)

**Bank**

Central Bank of India  
Paldi Branch,  
Ahmedabad.

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# PRERNA Infrabuild Ltd.

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## NOTICE

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting of the Members of Prerna Infrabuild Limited will be held on 29/9/2007 at 11.00 a.m. at the Registered office situated at 6<sup>th</sup> Floor, Doctor House, Near Parimal Garden, Ambawadi, Ahmedabad, 380 006 to transact the following business:

### Ordinary Business

1. To receive consider & adopt the Balance Sheet as at 31<sup>st</sup> March 2007, the Profit & Loss Account for the year ended on that date and the reports of the directors' & Auditors' thereon.
2. To appoint a Director in place of Smt Nalini V. Shah, who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Shri Mahendra K. Gosalia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s Dinesh P. Shah & Co., Chartered Accountants, Ahmedabad as Auditors of the Company to hold office from conclusion of this Annual General Meeting till conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors of the Company.

### Registered Office:

6<sup>th</sup> Floor, Doctor House,  
Near Parimal Garden,  
Ahmedabad-380 006

For and on behalf of the Board of Directors

**Vijay C. Shah**  
Chairman & Managing Director

Date : 16/8/07

### Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 22/9/2007 to Saturday, 29/9/2007. [Both days inclusive.]
4. Shareholders desirous of asking any question at the Annual General Meeting are requested to send in their questions so as to reach the Company at least five days before the Annual General Meeting so that the same can be suitably replied.
5. Share transfer documents and all correspondence relating thereto, should be addressed to Registrar and Share Transfer Agents of the Company, M/s Pinnacle Shares Registry Private Ltd., Nr. Ashoka Mills, Naroda Road, Naroda, Ahmedabad-380 025, Tel. : 079-22204226, 22200338, 22200582, Fax : +91-079-22202963 E-mail : gautam.shah@psrpl.com & investor.service@psrpl.com
6. Members who hold shares in physical form are requested to notify immediately any changes in their addresses to the Registrar and Share Transfer Agents at the above address and to their depository participants, in case shares are held in electronic mode.

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7. At the ensuing Annual General Meeting, Smt Nalini V. Shah and Shri Mahendra K. Gosalia shall retire by rotation and being eligible, offer themselves for reappointment.

Pursuant to Clause 49 of the Listing Agreement, the particulars of Directors to be reappointed are given below:

**Smt Nalini V. Shah**

She is graduate, promoter Director and was appointed as Whole time Director for a period of five years w.e.f. 15/01/06. She is good administrator. She is director in following companies:

Prerna Builders Limited and

Prerna Hospitals Limited.

**Shri Mahendra K. Gosalia**

He is engineer and has wide experience in construction industry. He does not held any shares in the company.

**Registered Office:**

6<sup>th</sup> Floor, Doctor House,  
Near Parimal Garden,  
Ahmedabad-380 006.

Date: 16/8/07

For and on behalf of the Board of

**Vijay C. Shah**

Chairman & Managing Director

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**DIRECTORS' REPORT**

To,  
The Members,  
PRERNA INFRABUILD LIMITED

Your Directors presents their Nineteenth Annual Report together with the Audited Statement of Accounts of the Company for the year ended on 31<sup>st</sup> March 2007.

**FINANCIAL RESULTS:**

	2006-07 (Rs in Lac)	2005-06 (Rs in Lac)
Profit before Taxation	136.10	459.11
Provision for Taxation	30.55	38.50
Profit After Taxation	105.37	421.13
Balance carried forward	29.33	-76.04

Your Directors convened an extra ordinary general meeting on 30<sup>th</sup> April, 2007 to consider preferential issue of 7,40,000 (Seven Lac forty Thousand Only) Equity Shares of face value of Rs. 10/- each at a premium of Rs. 40/- per Equity Share for an aggregate value not exceeding Rs 3,70,00,000 (Three Crore Seventy Lac Only), to strengthen capital base of the Company to undertake large projects and to augment long-term resources to meet Working Capital requirement. However, SEBI revised guidelines on issue of preferential issue with effect from 30/4/2007 and the Board decided to defer the issue to review the impact of revised guidelines.

**MANAGEMENT DISCUSSION & ANALYSIS****Industry Structure & Development**

India's GDP growth rate has averaged 8% over the last three years, up from an average of around 6% during the 1990s, and highlights India's emergence as a land of opportunities. The principle drivers of India's GDP are changing demographics, rising levels of foreign investment, a vibrant services sector and buoyant exports.

This economic growth has stimulated demand for property to help meet the needs of business, such as modern offices, warehouses, hotels and retail shopping centers. It has also boosted housing demand as a wealthier populace seeks upgraded accommodation. Moreover, shrinking household size and improved access to housing finance have boosted the demand for residential property. Tax incentives have also been granted to interest and principal paid on home loans, which has made owner-occupied property more attractive.

In recent years has India's property sector changed substantially. These trends of growth and modernization are set to continue, with some market participants forecasting that real estate development in India will grow from US\$12 billion in 2005 to US\$90 billion by 2015.

Global capital has become more interested in Indian property and is seeking transparent and liquid ways to invest.

Indian cities are customarily divided into three groups: Tier I, comprising of major urban centres like Delhi, Mumbai and Bangalore; Tier II, including such cities as Hyderabad, Kolkata and Pune; and Tier III, consisting of cities such as Ahmedabad, Gaziabad, Indore, Jaipur, Lucknow and Nagpur.

Over the last few years, modern real estate development has spread beyond Tier 1 cities to Tier II and Tier III cities. However, the longevity of this development is not certain.

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The Indian government has constituted the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) – a national level framework program covering 63 cities. The objectives of this mission are: i) improvement of India's urban infrastructure; ii) planned development of all urban regions — especially suburban ones — thus relieving pressure on better-developed areas; and iii) increased accountability of urban local bodies.

Private sector real estate development companies currently underway are undertaking a significant part of the urban development activities. To raise resources from the capital markets and to achieve economies of scale, these private sector developers are adopting better corporate governance and financial transparency practices. The property industry is also wrestling with oversupply in certain areas, such as in India's commercial property sector, which may lead to rent reductions and value drops. Meanwhile, property firms must also cope with a reduction in customer advances on new construction, increasing land values (making acquisition and development deals tougher), rising interest rates since 2005, and increased difficulty in arranging capital. The latter is exacerbated by rising interest rates and property prices, which have encouraged banks to become more selective in granting loans as they try to preserve asset quality.

**Opportunities:**

There appears to be opportunities galore for construction companies in the medium to long term in Gujarat.

**Threats:**

India has one of the highest levels of Property Taxes and Stamp Duty among the major countries in Asia – stamp duty is running at 5-10%. This leads to high incidence of cash transactions.

A multitude of Approving Agencies for planning permission also boosts costs, and adds time to development. A creaky Land Title monitoring system also means that ownership problems are all too common.

The mushrooming of property players without a track record has exacerbated these issues.

The Reserve Bank of India (RBI) has increased risk weighting for real estate exposure.

Mutual funds lack the appetite for long-tenure deals, and mostly invest in high quality debt, while pension funds and insurance companies have yet to invest in structured paper either.

**SEGMENT WISE PERFORMANCE**

The company is engaged in construction activities and it earns its income in the form of development charge. The development charge income was Rs.185.47 Lac as against previous year income of Rs.443.45 Lac and the net profit after tax was Rs.105.37 as against previous year profit of Rs.421.13.

**OUTLOOK**

The outlook for current year appears to be promising.

**RISK & CONCERNS**

Barring a handful of large companies, the industry setup is characterized by the predominance of the small unorganized contractors. To counter the growing competition and keeping in view the rising outlays on construction projects, the larger companies in the sector are increasingly investing in capital equipment. Most contracts being awarded are of a fixed turnkey type, which carry penalties and incentives for delay and early completion, respectively.

**INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

The company has proper & adequate system of their internal controls proportionate to its size and business. The internal control systems of the company are designed to ensure that the financial and other records are reliable for preparing financial statements and other data.



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## CAUTIONARY STATEMENT:

The Management Discussion & Analysis Report may contain certain statement that might be considered forward looking within the meaning of applicable securities, laws and regulations. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statements as important factors could influence the Company's operations such as Government policies, tax laws, political and economic development.

## CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement, a report on corporate governance along with auditors' certificate of its compliance is included as part of the annual report.

## DIRECTORS:

Smt. Nalini Shah, Whole Time Director and Shri Mahendra Gosaliya, Director will retire by rotation and being eligible, offer themselves for reappointment.

## CODE OF CONDUCT

The code of conduct for all Board members and senior management of the Company has been laid down and is being complied in words and spirit. The declaration on compliance of code of conduct signed by Chairman & Managing Director of the Company is included as a part of this annual report.

## AUDITORS AND AUDITORS' REPORT:

The Auditors M/s C.N. Shah & Co., Chartered Accountants, Ahmedabad holds office until the conclusion of the ensuing Annual General Meeting & they have intimated the Company in writing of their unwillingness to be reappointed as Auditors of the Company for the financial year 2007-08. It is proposed to appoint M/s Dinesh P. Shah & Co. Chartered Accountants, as auditors to hold office until the conclusion of 20<sup>th</sup> Annual General Meeting. The Company has received certificate from them to the effect that the appointment if made, would be within prescribed limit under Section 224 (1-B) of the Companies Act, 1956.

The notes on accounts are self-explanatory and do not require further clarifications.

## FIXED DEPOSITS:

The Company has not accepted any deposits from the public.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

Part A and B pertaining to conservation and technology absorption is not applicable to the Company. However the Company endeavored to conserve energy consumption wherever feasible.

The Company has neither used nor earned any foreign exchange during the year under review.

## DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to sub-Section (2AA) of Section 217 of Companies Act, 1956 the Board of Directors of the Company hereby State and confirm that:

- (i) in preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;



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- (ii) the Directors had selected such accounting policies and applied them consistently and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at end of the financial year and of the profit or loss of the company for that period;
- (iii) the Directors had 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 had prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES:**

The information as required under Section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees' amendment) Rules, 1988 as amended from time to time is nil.

For and on behalf of the Board of Directors

Place : Ahmedabad

Date : 16/8/07

Chairman and Managing Director  
[Vijay Shah]

**Registered Office:**

606, Doctor House,  
C. G. Road,  
Ahmedabad

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